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NEWS SUMMARY

GENERAL

Amin 'may spare' Briton

President Amin yesterday postponed the execution of British author Mr. Dennis Hills, due to die before a firing squad this morning, and indicated he might spare his life altogether.

Speaking on Radio Uganda of the "success" of the mission by the Queen's two emissaries, Lt.-Gen. Chandos Blair and Major Iain Grahame, the President said he now planned to send his own envoy to London to allow British-Ugandan relations to "start afresh." He is to discuss with his ruling Defence Council this morning the question of Mr. Hills' fate.

The radio said later that Mr. Hills had apologised to Amin for the statements in his forthcoming book which led to his prosecution and admitted they were false.

FO cautious

The Foreign Office in London, however, yesterday retained its cautious attitude, stressing that no further initiative could be expected from Britain. Mr. Callaghan remains willing to go to Uganda, but not under duress.

And officials were at pains to explain that Gen. Blair and Major Grahame had to stoop low under a thatched roof to meet Gen. Amin, and did not go in "on their knees." Back Page

Soldiers please the politicians

Portugal's Armed Forces Movement pleased politicians of all lines at the week-end with its Political Plan of Action, born at last of the eight-day marathon Revolutionary Council debate.

The plan, hailed as carrying the revolution forward on promised democratic lines, defines the roles for the parties as agreed before the April elections, in maintaining the fourth coalition and the constituent assembly. And while this is not new in itself, it does mean an end to the anti-party officers' offensives to kick them out of government.

Bomb mistiming saves 300 IRA

A bomb clearly intended to blow up a special train carrying 300 Official IRA supporters to a commemoration at the grave of Wolfe Tone at Bodenstown, mistimed yesterday and exploded just after the train had passed over a bridge. Police later found the body of a stabbed man near the spot and initial suspicion for the blast has fallen on the breakaway IRSP.

Sack rape case judge, says MP

Mr. Justice Christmas Humphreys, 73, who freed a double rapist on a suspended sentence last week, ran into some Parliamentary flak at the week-end. Mr. Jack Ashley is to table a Commons motion calling for the judge's removal and Mrs. Renee Short called on the Lord Chancellor to fix a retiring age for judges.

Tun Abdel Razak tightens grip

Malaysian Prime Minister Tun Abdel Razak's three vice-presidential candidates in his United Malays National party's triennial poll were elected, thus considerably strengthening his grip on the party. The poll also highlighted the meteoric rise of one, the Petronas chief Tengku Razaleigh, who masterminded the Haw Par-Pernas deal and is now tipped as Tun Razak's successor in the 1980s.
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People, places

PAUL STEHLIN, controversial French General who figured in a U.S. Congressional probe of arms sales pay-offs, died last night from injuries sustained when hit by a bus earlier this month.

BIGGEST DEMO since CND days brought 40,000 women to Hyde Park to protest against the Abortion Amendment Bill.

BRITAIN'S James Hunt, in a Hesketh, won the Dutch Grand Prix yesterday. Ferraris of Niki Landa and Clay Regazzoni followed.

"**BLACK HOLE** of Parliament," the often sewage-soaked, windowless House of Commons police canteen, should be abolished, MP Greville Janner has pleaded.

PLAID CYMRU opens an office in Brussels this week.

BRITISH SHIP Ionic badly holed a Russian trawler in a mid-Atlantic collision and took aboard its crew.

WINNING £50,000 premium bond this week is QKS90585, bought in Worcestershire.

BUSINESS

ICI pay talks open under pressure

● **PAY TALKS** for some 57,000 ICI manual workers open in London to-day under the threat that strikes may progressively shut down production.

At Wilton on Teesside, about 9,000 men have already stopped work in protest over the latest offer of 26 per cent., which will be formally rejected by union negotiators to-day.

Another 4,500 process workers at Billingham have banned overtime and threaten to consider strike action if the outcome of the talks to-day is not to their satisfaction.
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● **BRITISH AIRWAYS** intends to operate Concorde with a fare premium that ensures a profit, but will allow its level to be fixed in full consultation with the International Air Transport Association, where demands for a surcharge of up to 25 per cent. may be made.

This was British Airways' reply to a Lufthansa warning that it would oppose a fare level damaging to its fleet of subsonic aircraft and suggestions that Concorde operations, in effect would be subsidised.
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● **THE GOVERNMENT** last night was asked for an urgent definitive statement of intent to end uncertainty over the future of British civil aviation. Nine questions have been tabled in the House of Commons for Mr. Peter Shore.
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Official jobless figures 'mislead'

● **UNEMPLOYMENT** in Britain could be about half the level indicated by official Government figures, according to estimates made by the Centre for Policy Studies, an independent Tory organisation.
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● **BRITISH RAIL** plans to start talks with the unions as soon as possible on the economies that have to be made to finance Friday's 30 per cent. pay agreement. Finding the £9.3m. extra which averted the threatened strike could endanger some jobs and the network's efficiency.
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● **COUNCIL WORKERS** should have some say in running the authorities by whom they are employed, suggested the Trades Union Congress in its latest drive towards industrial democracy. The idea is that up to one fifth of the seats on council committees, together with full voting rights, should be given to employees.
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Steel men seek union backing

● **STEEL WORKERS** at Port Talbot are asking for official union backing for their six-day-old strike. All steel output has already been halted and the cold rolling section is now threatened with closure as the number of strikers grows to around 5,000.
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● **KUWAIT** oil production last year fell 15.7 per cent., according to official figures. Japan remained the major importer, taking 25.6 per cent. Britain took 18.7 per cent. and France 12.4 per cent.

● **VENEZUELA** oil revenues may slump as much as $1bn. in the second half of this year, but will not limit the flow of petro-dollars into the nation's investment fund.

● **NATIONAL SAVINGS** figures continued to recover in May according to preliminary estimates. There was a net inflow of £10.1m. over the month, before adding undistributed interest of £27.5m.

Sales of index-linked retirement issue National Savings Bonds, which began this month are thought to be running at about £10m. a week.
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COMPANIES

● **STRONG CASH POSITION** at Courtaulds should make it possible to cope with the increasing inflationary pressures on working capital, to repay further sums due from earlier borrowings and to complete the major investment programme begun two years ago, the directors state in their annual report.
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● **HARRISONS** and Crosfield directors are expecting somewhat reduced profits this year. But given fair and reasonable conditions, the upward progress which has marked the past decade should be resumed.
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Fate of voluntary pay policy may be known this week

BY JOHN ELLIOTT, LABOUR EDITOR

Firm indications about the chances of a new voluntary pay policy being developed should emerge by Wednesday night after a series of TUC meetings involving the Prime Minister and employers' leaders.

By then, the Government should know whether it has a chance of meeting its target of reducing by more than half the rate of inflation next year without resorting to a statutory pay policy or sweeping public expenditure cuts which would lead to sharp divisions in the Labour Party.

At a meeting of the TUC-Labour Party Liaison Committee this morning, TUC leaders will urge the Prime Minister and his colleagues to introduce tougher price control measures.

To-morrow night, they will try at talks with the CBI to agree a wages strategy without becoming deadlocked by the CBI's determined opposition to increased price controls.

These developments will come together when the TUC general council meets on Wednesday to discuss progress on union ideas for pegging wage rises below the rate of price increases—using flat rate or percentage systems or a mixture of both.

Deadline

After this meeting, it should be clear whether there is any chance of the TUC—with or without the Confederation of British Industry—meeting the six-week deadline set on Saturday by Mr. Denis Healey, Chancellor of the Exchequer for finalising a new policy.

This is a deadline which the Chancellor might well decide to shorten if the events of the next three days do not show sufficient progress to bolster foreign confidence in Britain's ability to cope with its economic problems now that the threat of a national railway strike has been cleared with last Friday night's 30 per cent. settlement.

Warning that one of the Government's alternatives is public expenditure cuts, Mr. Anthony Crosland, Environment Secretary, said yesterday that these could be "very savage." They would lead to "painful pruning" of public services such as education, health and housing with consequential higher unemployment if the present "lunatic wage paper chase" was not stopped. "We are in for a very, very tough time indeed," he warned in a BBC radio interview.

On Saturday, in a speech in East London, the Prime Minister showed his distaste for the statutory pay policy to which the Chancellor is now swinging when he called for "consensus and consent, not stridency and strife."

Speaking just three weeks before the miners draw up their new wage claim, he also warned about strict controls on public sector spending and the impact of this on wage bargaining. "There can be no question of Government subsidies for settlements we cannot afford, nor any financing of such settlements by borrowing or taking it out of the public. Inevitably therefore any excess must directly threaten their own jobs and those of their mates," he declared.

In his speech at Leicester on Saturday, Mr. Healey spelt out his targets when he said inflation must be down to "10 per cent. at most, by September, 1976" and further reduced to "single figures by the end of the year—compared with the present annual rate of 25 per cent.

Ministers are carefully avoiding turning these targets into wage figures publicly until after Wednesday's general council meeting, but the 10 per cent. roughly equates with £6 a week although £8 might prove acceptable if backed up by excellent prospects of enforceability.

"The guidelines will have to be a good deal tougher than we had last year. And this time, we must be able to convince everyone that they will be observed in practice," said Mr. Healey, illustrating the Government's present concern about foreign confidence.

TUC debate

It is this concern that has made the Chancellor determined to meet his six-week target for a new policy covering next winter's wage-round, even though the round does not start till the autumn.

This means that the debate at

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Official jobless figures "misleading," Page 4

Mozambique expected to shut Rhodesia border

BY TONY HAWKINS

SALISBURY, June 22.

PROGRESS towards detente in Southern Africa is likely to be severely tested over the coming weeks, beginning on Wednesday when Mozambique achieves full independence. The new revolutionary government of Mozambique is widely expected to implement immediate economic and diplomatic sanctions against neighbouring Rhodesia.

At the week-end a British Minister is due in Salisbury in a last ditch-effort to arrange a constitutional conference on Rhodesia's future by finding some common ground between Mr. Ian Smith's government and black nationalist leaders.

Anxiety

Both events are awaited with some anxiety, though there is considerable divergence of opinion here as to the likely effectiveness of the expected measures by Mozambique.

President Samora Machel's government is expected to close its borders with Rhodesia, deny overflying right to Air Rhodesia and Air Malawi for flights between the two countries, reiterate its support for the Zanu guerillas fighting in the north-east, and end Rhodesian diplomatic representation in both Lourenco Marques and Beira.

It is generally agreed that the Rhodesian economy will suffer considerably from the loss of exports to Malawi and Mozambique itself, from lost and delayed exports to other countries and from significantly higher import and export costs.

It is acknowledged that South African railways and ports could not handle all Rhodesia's traffic, especially such bulk items as maize and chrome.

But officials and businessmen appear confident that Mozambique border closure would not strangle the economy, that most traditional exports would still get out—more slowly and expensively—and that the vastly lower level of imports, drastically cut back this year, could still be brought in, though at higher cost.

In some quarters it is argued that Mozambique would quietly re-open the border within months, if not weeks.

Optimists also hold that some neighbouring territories, notably Mozambique, will need to import Rhodesian maize this year, which will avoid re-routing this bulky traffic through South Africa.

While this kind of optimism may well turn out to be misplaced, the fact remains that border closure will not bring the Rhodesian economy to its knees, nor is it likely to prove a potent factor in securing political concessions from Mr. Smith at any constitutional talks.

In the past few weeks the mood of white Rhodesia appears to have been hardening against making far-reaching concessions to the black nationalists. The President, Mr. Clifford Dupont will open Parliament to-morrow and set out Government policy. here last week-end for talks with

Ostensibly the task facing Mr. David Ennals, British Minister of State at the Foreign Office, due here last week-end for talks with Mr. Smith and the ANC leadership, is to try to bring the two sides together for a constitutional conference.

It is believed that Mr. Smith will concentrate on urging the British Minister to use his influence with the ANC to attend a conference inside Rhodesia, and warn him that Rhodesian patience with the ANC is wearing thin.

The Government is saying with increasing frequency that it is willing — and able — to start talks with other representatives of African opinion.

Warning

Reuter adds: Nationalist leader Bishop Abel Muzorewa said at the week-end that Rhodesia was approaching a decisive hour and repeated his warning that guerilla activity would increase if no peaceful settlement was reached.

The President of the African National Council was making his first public statement since the June 12 meeting between Prime Minister Smith and ANC leaders which failed to agree on a venue for a constitutional conference.

U.K. foundry industry 'needs £63m. aid over seven years'

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BRITAIN'S FOUNDRY industry needs at least £63m. of Government financial aid over seven years—or £9m. a year—if any State scheme to promote modernisation and rationalisation of this vital sector is to succeed.

This conclusion is contained in a draft aid scheme to be submitted to the Department of Industry this week by the newly-formed ferrous foundry Little Neddy.

It will put Mr. Dennis Healey, Chancellor of the Exchequer, on the spot for, in his Budget speech, he promised £50m. of assistance towards the modernisation of important parts of U.K. industry.

This sum was supposed to cover several industries, but the foundries have now made out a claim for all the promised money and more.

The industry's shortcomings were particularly noticeable during the last economic boom, when shortages of castings provided one of the major bottlenecks and constraints on engineering output. As a result exports were lost and imports encouraged.

As Mr. Healey pointed out in his speech, the foundry industry is "a supplier to many other industries and important to the health of the engineering industry as a whole."

Giving statistics to back its case, the foundries' Little Neddy says that capital expenditure by the industry seems likely to total £270m. (at 1975 prices) over the next five years—that is £54m. a year.

Of this amount about £90m. (or £18m. a year) would relate to pollution control equipment which would not necessarily lead to any benefits to production.

Grants

This may be a minimum estimate, because some of the smaller foundries seem to have underestimated the cost of the pollution control equipment.

Spending on fixed assets at this rate would mean that over the next five years the steel foundries would exceed their cash flow by more than £20m. and the iron foundries by more than £15m.

The scheme put forward by the Little Neddy suggests that aid should be channelled into the industry via cash grants, or grants with the option of loans, and interest relief grants, where these are mutually agreed to be acceptable.

The grants would be for projects involving more than £10,000 and the maximum level would be 30 per cent. of the allowable cost subject to total support from public funds not exceeding half the cost of the complete project.

Aid would be available to individual companies putting up new buildings or putting in new plant or equipment and to the "tied" foundries of the large engineering groups, such as those owned by the motor companies. There would be no assistance though, for pollution control equipment unless other aspects of foundry performance were also improved, as the Government insists on sticking to the idea that "the polluter pays."

There would also be help for projects involving more than one company. Cash could be provided towards the costs of rationalisation or amalgamation, extra working capital requirements, and the cost of statutory redundancy payments or the relocation of employees.

Varley ponders £40m. NVT plan

By Peter Cartwright, Midlands Correspondent

MR. ERIC VARLEY, the Industry Secretary, has to decide whether to invest £40m. in the U.K. motor-cycle industry to enable it to challenge Japanese domination of the market, or accept its specialist character as a maker mainly of "super bikes."

This is the central conclusion of the first part of an in-depth study of the U.K. industry which is now on Mr. Varley's desk. Details of the study, commissioned by the Department of Industry, and carried out by the U.S.-owned Boston Consulting Group, have not yet been released officially.

A devastating productivity comparison is made between the U.K. and Japanese industries, in the study report. Based on 1973 figures, the Japanese output per man year ranged from an estimated 350 machines a year for Suzuka (a Honda subsidiary) to 114 for Suzuki.

By contrast the projected output of the two Norton Villiers Triumph factories at Birmingham and Wolverhampton are respectively ten and 18 machines per man year.

Even the Meriden factory, which NVT planned to close in September, 1973, because of heavy losses, was making 14 machines a man year during that period, and the co-operative now claims to have doubled productivity, compared with that what it was under its previous owners. BSA—taken over by NVT when it was set up nearly two years ago.

U.S. market

In another highly unfavourable comparison the Japanese value-added figures are put four to five times higher than those in the U.K. in some instances.

A detailed study is made of the U.S. market by the consultants, because it accounts for over 70 per cent. of the world market for motor-cycles over 250 c.c. capacity and the same proportion of the U.K. output.

The consultants are convinced that the Japanese will defend their volume market shares (against each other as well) by discounts, rebates and other competitive measures.

"The slower growth of the (U.S.) market means that increases in overall volume will largely depend on gains of market shares, and that these will be hotly contested."

NVT, however, deliberately restricted its output to "super-bikes" in the 650-1,000 c.c. class for which it has a high reputation in the U.S. and other overseas markets, and now has nothing to offer beginners, who must inevitably start on a foreign moped or small HP machine.

Chrysler hit by strike at plastic plant

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

CHRYSLER U.K. has said it will have to stop all car assembly from to-morrow, laying off some 20,000 workers unless 340 strikers at its plastic components factory in Coventry accept arbitration without pre-conditions and go back to work.

The new threat to the company's operations comes only two and a half weeks after the drawn-out pay strike by 4,000 workers at the Stoke engine plant which cost Chrysler some £15m. in lost production and made 7,500 employees idle.

The 340 strikers are demanding to be paid for the time they were laid off because of the engine workers' stoppage. The company wants to take the dispute to the Advisory, Conciliation and Arbitration Service, but says that the men are posing unacceptable preconditions. They are demanding to be paid before agreeing to arbitration.

On the very day the rest of Chrysler resumed work after the engine workers' stoppage the strike started and the company has now run out of plastic components such as crash pads and radiator grills, a spokesman said.

Arbitration

If there is no resumption of work by to-morrow car production would be closed indefinitely, starting with the Avenger plant at Ryton, Coventry, on the same day. The remainder would be closed 24 hours later.

Mr. Peter Griffiths, Chrysler's industrial relations director, said last night that "since the start of the strike the company has said it would agree to any decision reached by arbitration. The arbitrator must be free, however, to reach a decision without any pre-judgment by either side."

He warned that if the Coventry plants were forced to close again, "urgent export orders will be held up and further orders placed in jeopardy.

Mr. Peter Griffiths: "Orders would be in jeopardy"

"The company is still losing money and it will take a real effort on everybody's part in this very difficult time for the motor industry if Chrysler is to have any real future in Britain," he said.

Mr. Griffiths expressed the hope that the strikers "will think again while there is still time."

Chrysler's joint shop stewards committee is expected to meet to-day to discuss the situation, and the workers will hold a mass meeting on Tuesday.

● Pickets were out at the week-end at the Llanelli factory of British Leyland at the start of a strike over 500 workers. The dispute, which has brought production to a standstill, is over a claim for a 20 per cent. pay increase by members of the engineering and electricians union.

The factory, which employs 1,500 makes body parts for a wide range of cars and a continued strike would seriously affect other factories in the group. The strikers plan to meet on Thursday.

LOMBARD

Future of the referendum

BY C. GORDON TETHER

"YOU HAVE long been an enthusiastic advocate of the use of the referendum to allow the nation to have the final say on major issues: what do you feel about its future in the light of the outcome of its first big road test?" This is a question that many readers have been putting to me since the June 5 vote produced a two-to-one majority for staying in the EEC, and it deserves an answer.

I have always seen the referendum as being designed to provide an additional dimension to the democratic process — more specifically as a mechanism to enable the people to shape their own destiny directly where, as is increasingly the case, the Parliamentary system cannot do the job properly because of major differences within the parties themselves or other special reasons.

I don't believe that anyone can seriously pretend that it was permitted to get even remotely near to functioning on these lines for the purpose of the poll on our European future. The Tory and Liberal parties, for all their talk about the virtues of being responsive to the "grass roots," went a long way towards ensuring that it couldn't do that at the outset by deciding to treat it as just another elaboration of the normal political game. They urged their respective flocks to vote in the way the party said they should do.

So wrong

And this debasing of the referendum by "politicising" it was subsequently compounded in any number of ways. For one thing the political pundits in the Press and broadcast services never stopped harping upon the split created in the Labour Party by its decision to allow its MPs to differ as though there was something altogether deplorable about it. It was, in fact, as it should be. It was the unity displayed by the other two parties that was so wrong.

Then there was the insistence on the pro-Market side on portraying opposition to the Market as being primarily just another aspect of left-wing militancy—the purpose, of course, being to encourage extraneous short-term political considerations to play a major part in shaping the public's decision as to how it should vote.

The way in which politicians of all parties have been interpreting the outcome of the referendum as containing messages that have little or nothing to do with the European issue is a pertinent commentary on how far they themselves saw the debate as having been polluted by political in-fighting.

"The people have rejected the policies of the left—that minority so refreshingly cut down to size by the referendum," said Mrs. Margaret Thatcher, the Tory leader, last week. At about the same time, one of the MPs behind the Labour party's new "moderacy" concoction was insisting that the result of the referendum showed that the great majority of Labour sympathisers in the country at large was identified with his particular theme.

If so many people went to the polls on June 5 to give expression to their feelings about domestic political issues of this kind—and I am quite prepared to believe that, in the end, they did—they obviously could not have been voting on "Europe."

One thing that seems clear, therefore, from the June 5 affair is that, if political parties are going to involve themselves in such exercises at all, they ought not to be allowed to set about defeating their purpose by engaging in the irresponsible business of playing them for standard party political purposes. And it surely was irresponsible to risk jeopardising the purity of the people's decision on a once-in-a-thousand years issue for the sake of, for example, putting a spoke in Mr. Benn's wheel.

Unwarranted political manipulation is not the only aspect of "holding the ring" that we can now see will have to be attended to in any future referendum. British Business for World Markets spotlights another when it says in a report on Press behaviour that only one newspaper approached traditional British standards of fair play. Another is to be seen in intervention by the business community of a type and on a scale that would be unthinkable in a General Election and a third in the huge disproportion in the financial fire-power of the two sides.

I do not believe that any honest person, whether on the winning or losing side, could regard the EEC referendum as having constituted a satisfactory test of public opinion. But that doesn't mean that we should turn our backs on the whole idea — as our Parliamentary elitists would doubtless like. What we must do, while memories are still fresh, is to start evolving a referendum code aimed at ensuring that, next time there is a case for testing public opinion by this means the job is done in adult fashion.

THE WEEK IN THE COURTS

David and Goliath battle enters a new chapter

BY JUSTINIAN

THE SAGA of Mr. Moir, a minority shareholder who has fought a series of battles through the courts singlehanded on behalf of two companies that will reap the fruits of their shareholder's successful litigation against a director of the companies, enters another chapter this week when the Appeal Committee of the House of Lords considers petitions that the case should be further considered on appeal. It has all the elements of a David and Goliath situation in which the underdog's forensic triumphs so far may turn out to be Pyrrhic victories.

Circular

The story starts way back in March 1967. Mr. Moir is a stockbroker's clerk who issued a circular to the shareholders of Hartley Baird in which Dr. Kurt Wallersteiner, a man of influence in the City of London, had acquired 80 per cent. of the shares and become a director. The circular contained severe strictures against Dr. Wallersteiner, alleging fraud, misfeasance and breach of trust. When sued for libel, in which an interim injunction was sought, Mr. Moir said that he had stated in the circular only what he believed to be true. A spirited defence by Mr. Moir was countered with a vigorous response alleging that Mr. Moir was actuated by express malice. Dr. Wallersteiner in effect was saying that Mr. Moir, a man with a tiny shareholding in a public company, was a professional agitator.

Mr. Moir's riposte was not simply to defend the libel action but was to counterclaim for damages and a claim that Dr. Wallersteiner should pay to the company (and an associate company) sums totalling £500,000. The first move in the protracted litigation was Mr. Moir's application to have the libel claim struck out for want of prosecution.

A year ago the Court of Appeal [1] confirmed the judge's order striking out the libel action; and there is no attempt by Dr. Wallersteiner to appeal against that decision. Mr. Moir has effectively killed off the claim that he has defamed Dr. Wallersteiner. But the issues raised in the circular are still very much alive. While some harsh things were said by one at least of the Judges about Dr. Wallersteiner, the latter lives to fight another day for his commercial reputation.

At the same time the Court of Appeal gave judgment against Dr. Wallersteiner, in default of a reply or a defence to Mr. Moir's counterclaim, for £234,773 with interest to be paid to the companies and an interlocutory judgment for damages to be assessed by a judge on a £50,000 loan transaction. But the Court gave Dr. Wallersteiner leave to defend on the remaining issues, including the claim to declarations of fraud, misfeasance and breach of trust, provided that a satisfactory defence to the counterclaim was submitted for the Court's approval within 28 days. A defective defence was subsequently allowed by the Court, but it did not grant Dr. Wallersteiner leave to appeal to the House of Lords.

At first he indicated that he would not pursue the matter but later changed his mind, a change which Lord Denning characterised as "delaying tactics which are quite intolerable." Even if Dr. Wallersteiner cannot persuade the House of Lords that he should pursue these pre-trial issues, the main action over his conduct as a director will have to be fought out. Meanwhile the companies will presumably recover the £250,000 adjudged to be owing.

Costs question

If Dr. Wallersteiner is successful this week Mr. Moir is asking that he be allowed to pursue a separate issue that was raised in the Court of Appeal more recently about the costs of financing the continuing litigation [2]. For 10 years now Mr. Moir has devoted all his slender resources to the pursuit of justice. He has received contributions from other shareholders but these have been exhausted. The judgment he has obtained, if and when it is recovered, will not go to him but to the companies. While he has recovered costs for the past encounters in the Courts (which may not cover all the money expended, and certainly will not compensate him for the time and labour he has devoted to the case) he wanted to be protected against the risk of liability in the future.

The Court of Appeal held that it was always possible for a minority shareholder to obtain an order from the courts that the company should indemnify him against the costs of the action; and that Mr. Moir should have an indemnity for the costs incurred by him on behalf of the companies up to and including the stage of disclosure of the documents in the case, at which time he should obtain further direction from the court. But that was not comprehensive enough for Mr. Moir. He wanted the court to declare that, subject to the approval of the Law Society, it would be proper for him in this case to employ a solicitor on the basis of a contingency fee. It has long been a rule of English law that it has never sanctioned an agreement by which a lawyer is remunerated on the basis that he gets paid if the client wins but not if he loses. In most of the United States and Canada an agreement for a contingency fee is permissible in all cases where the client is poor and his chances of success uncertain.

Important

This is an issue of the greatest importance, so much so that the Court of Appeal invited the Law Society to make its submissions known. The latter said that it believed that the implications of creating an exception to the long-standing rule called for further study, and that any change, if thought desirable, should be achieved through the legislature, not through the courts. In the event, the majority of the Court refused to grant even a limited exception to the rule against contingency fees. Lord Denning, however, was prepared to let Mr. Moir enter into such an agreement in the exceptional situation where the action was a derivative one, namely, an action by a minority shareholder for the benefit, not of himself but of the company in which he held shares.

With the cost of litigation soaring, along with the costs of all other professional services, and with legal aid being increasingly under pressure to assist a wide range of litigants, contingency fees become a more pressing alternative to remedy the defect in the administration of justice. If Mr. Moir has done nothing else in his long and arduous tussle with the problems posed by the legal system, he has forced into the forefront a legal problem of important dimensions.

1—*Wallersteiner v. Moir [1974] 1W.L.R. 991.*

2—*Wallersteiner v. Moir (No. 2) [1975] 2W.L.R. 389.*

CRICKET — BY TREVOR BAILEY

Epic win for West Indies

THE WEST INDIES deservedly won the Prudential World Cup by 17 runs, despite a gallant, and highly improbable, last-wicket partnership between Thomson and Lillee, which gave Australian supporters new hope when, at 233 for nine and the overs ticking away, all seemed lost.

However, if Thomson had not been run out with eight balls remaining and 17 runs still required, there was no way they could have made 10 or more off a final over from Roberts with all the fields back on the boundary.

This one-day cricket epic, which started at 11 a.m. and did not finish until 8.45 p.m. on Saturday will never be forgotten by the players, or the capacity crowd lucky enough to be at Lord's.

The highlight of a sun- and run-drenched day was the spectacular century by the West Indian captain who came in before lunch. His side having been sent in to bat were struggling with three wickets down and only 50 runs on the board.

When he departed they were 199 for four and well on the way to a massive total. While Lloyd systematically destroyed the Australian attack with the power and brilliance of his stroke play, Kanhai, the older statesman, provided sound sensible support.

Three quick wickets to Gilmour, who again showed his more experienced colleagues the practical advantages of bowling a full length, failed to stop the West Indian onslaught, because of the belligerence of Boyce and Julien and they eventually reached 291, which certainly should be a winning score in a 60-over contest.

Ground fielding

The Australians are never more dangerous than when the odds are heavily against them and, apart from their running between the wickets, they tackled their formidable task with determination and admirable good sense. They certainly came much nearer to reaching their target than I expected, thanks to several good innings, especially from Ian Chappell and Turner, and that final stand by their two fast bowlers.

The West Indies' ground fielding—unlike their catching—was brilliant with Richards responsible for three fine run outs. On the other hand, much of their bowling was sub-standard. Holder and Julien were both unusually inaccurate and Roberts below his best.

It was left to Lloyd, who is no more than a third, or fourth county seamer and seldom even put on by Lancashire, and the injured Boyce to demonstrate the cardinal virtues of line and length.

The final provided the perfect climax to a highly successful competition which is likely to be the forerunner to others in many parts of the world. Australia is the next logical venue. Although the basic costs would be greater it would be possible to take far more money through the turnstiles, because of the size of their grounds.

My sole complaint about a marvellous match is the inevitable monotony in any game of cricket in which both wicket-keepers spend all their time standing back.

GOLF — BY BEN WRIGHT

The day Beard kept his head

CHICAGO, June 22.

IF IT HAD not been for the vast crowds swarming around Medinah Country Club yesterday watching the third round of the 75th U.S. Open Championship, a stranger to the game who wandered in here might have been excused for thinking the club's monthly medal was in progress.

Never have I seen so many great players producing 18-handicap golfers' shots, an indication of the immense pressures that mount in the closing stages of a major championship.

The one man who kept his head yesterday was Frank Beard, which was in itself extraordinary, since he has had three or four years of embarrassment and frustration since the great days when he amassed nearly $1m.

Coming into this event he had won less than $3,000 in 20 tournaments this year, but a recent lesson from the veteran professional Paul Runyan indicated that Beard should make changes to his grip.

He would not elaborate, but the changes have worked miracles this week, and of the leading contenders only Beard took control of events yesterday with a round of 67, equally the best of the championship to place alongside his first two rounds of 74 and 69 for a total of 210, three under par.

Beard is the only golfer under par, going into to-day's final round three strokes ahead of the previous overnight leaders, Tom Watson (67, 68, 78—213) and Pat Fitzsimons (67, 73, 73—213).

Next at 214 comes Lou Graham (74, 72, 68) then Crenshaw (70, 68, 76) and Peter Oosterhuis (69, 73, 72). Hubert Green, who is on 215 alongside Joe Inman and amateur Jay Haas and Lee Trevino, had another good round, one of only three below 70.

The expected charge from Arnold Palmer, who took 73, Jack Nicklaus, who took 75, or anyone else for that matter, never materialised as the majority of the players hacked their way round from oak tree to oak tree.

One cannot speak too highly in praise of Oosterhuis, for his start was an horrific one. After safely negotiating the first hole, Oosterhuis hit a horrible five iron shot at the par three 187-yard second straight into Lake Kadijah.

He then took three putts with the second ball for a dreadful six, and was struggling thereafter as he lurched to the turn in 41 shots, dropping three more strokes to par as a result of bad drives and picking up a solitary birdie.

But then he really pulled himself together with a vengeance and a red hot putter, holing from 24 feet at the 11th hole, 22 feet at the next, 16 feet at the 16th and nearly 30 yards on the 17th green for birdies, as he stormed home in 31 shots, the best inward half of the championship.

Beard founded his fine score on an opening half of 32 shots, thanks to very accurate iron play that left him only short putts for birdies at the third, fourth, fifth and ninth holes.

Beard's only troubles came at the 594-yard seventh hole when he was bunkered beside the green in three shots, but he holed a single putt of 15 feet to save his par.

He progressed serenely enough until picking up another birdie at the short 14th hole with a putt of 25 feet and thereafter only played one false stroke, a three iron shot catching the rear bunker across the water at the short 17th, where Beard dropped his only stroke to par in the entire round.

What can one say about poor Watson, who destroyed himself when leading at Winged Foot last year with a final round of 79? Yesterday this most engaging young man almost took four putts on the first green, his third being longer than the second.

He finally got in an 18 inch putt through the side door here, but after bunkering his tee shot at the short second he missed from no more than 18 inches and was destroyed. But it was his driver than let him down thereafter.

Fitzsimons was visibly jumpy on the greens early on, but he held himself together fairly well in the closing stages to stay in the hunt. Graham performed a miracle feat in chipping into the hole at both the 12th and 13th holes — and with that kind of luck he could hardly avoid being involved in the shake-up.

TENNIS — BY JOHN BARRETT

Pros spurn Wimbledon betting

AS THE 89th Championship meeting swings into action at Wimbledon this afternoon, on brown-flecked lawns unusually parched, it is comforting to hear that the men of the Association of Tennis Professionals have taken quick action to stamp out potential gambling abuses.

Meeting at the Gloucester Hotel yesterday, 66 of their 170 members voted 57-9 for a motion prohibiting any member from gambling on tennis matches, on threat of expulsion from ATP.

Arthur Ashe, president of the association, explained: "Among all the potential evils to be avoided, every major sport sees gambling as the most damaging. Tennis and the professionals who play the game can be justifiably proud that no hint of scandal has stained the sport. Further, ATP . . . asks that Wimbledon and any other tournament planning to allow betting should promptly reconsider the matter.

Sir Brian Burnett, chairman of the joint management committee at Wimbledon, explained that the William Hill tent, which will be open to-day for the first time at the Championships, is for the benefit of the public not the players.

Even if the committee were to have second thoughts, he said, it would be impossible at this stage to alter existing arrangements.

Notices are in the dressing rooms to remind players of the international rule prohibiting them betting on their own matches.

Britain's Buster Mottram will act as adviser on form to the William Hill Organisation now that his arm injury has enforced his withdrawal.

Polish

Yesterday the 128 men who take the courts to-day were putting the polish on their games in various ways. Many chose the delightful garden party atmosphere of the Hurlingham club, where the International Club's reception for overseas players drew crowds to watch the exhibition tennis.

Finishing touches were being put to the 15 courts at the All England Club, where about 300,000 spectators are expected during the 12 days. The committee has at its disposal almost 500 paid helpers. The referee has seven assistants. The 190 umpires and linesmen will be judging the bounces of some 1,200 dozen balls.

Not too much should be made of the unexpected results from last week's tournaments.

However, Tom Okker will take heart from his improvement in form after a lean year; and Virginia Wade, who scored a rare victory over Billie-Jean King at Eastbourne, will doubtless hope that it will break her spell of never having proceeded beyond the semi-final, a round which she reached for the first time last year.

Jimmy Connors and Chris Evert, the form favourites, will need to be at their sharpest to survive a punishing fortnight in defence of their titles.

The most likely outsiders? I fancy Ashe and Roscoe Tanner, both at their best on fast grass, or even their fellow-American, Stan Smith, who is due to win a big one again. Among the women, Mrs. King is my idea of the eventual winner, though the young Czech Martina Navratilova may yet surprise us all.

RACING — BY DOMINIC WIGAN

Expensive Doyenne may pay

A BLOOD disorder, supposedly stemming from a deficiency in salt, has been affecting the inmates of several leading Newmarket stables and almost certainly accounted for the poor showing of the Warren Place representatives at Royal Ascot last week, in addition to most of the runners from Clive Brittain's Carlburg establishment.

The disorder, which may also have been responsible for Blue Cashmere's failure in the King's Stand Stakes, leads to a thickening of the blood, resulting in insufficient oxygen reaching the heart when a horse is racing at full stretch for more than a few strides.

In spite of the poor showing of almost all the Warren Place runners, Noel Murless has felt it worthwhile sending Gliding to one of his favourite hunting grounds, Brighton, for to-day's six-furlong Sheepcote Handicap (4.00).

The Tudor Melody filly would be difficult to contain if reproducing the form which earned her second place behind Bold and Fast at Goodwood last summer, but it is probably wiser to ignore her stable for the time being. A better prospect is the Compton trained *Doyenne*.

Doyenne, a bay filly by Don II out of the Hornbeam mare Cayenne, began the season in fine style when dealing comfortably with 15 others in a maiden event at Warwick in April. Although well beaten on her next appearance, she came right back to form in her only subsequent race, just getting the better of Royfern in Epsom's Con-Mech Sprint three weeks ago.

Doyenne, who ought to be ideally suited by this sharp track and the prevailing fast ground, can recoup a little more of her 17,000 guineas yearling purchase price by outpacing the topweight, Sodor, from John Dunlop's Arundel stable — another establishment to have been hit by a blood disorder.

An hour before the Sheepcote Handicap, Dunlop and his stable jockey Ron Hutchinson will be hoping that Mr. David Montagu's *Mount Street* can make an overdue return to the winner's enclosure in the Brighton Mile Challenge Trophy (3.0).

This attractive Connaught colt, who followed a Newbury victory early last summer by winning twice at Ostend, has been beaten on his six subsequent appearances. Nevertheless he is a useful performer at his best, and he may well now be ready to deal with the Barry Hills-trained Throstis, who was no match for Kildoon at Sandown on his most recent outing.

As this evening's Wolverhampton meeting, which opens with the Dawley Auction Plate (6.45), likely to be won by *Pound Sterling*, *Smith* and *Heracles* stand out as sound betting propositions.

Smith, who got up close home to touch off Dial-a-Lad on his last appearance, will be well suited by the seven furlongs of the Ingestre Handicap (7.40) and I cannot see him failing.

BRIGHTON
2.00—Nagwa
2.30—En Suite
3.00—Mount Street
3.30—Sea Kestrel
4.00—Doyenne*
4.30—Private Well

PONTEFRACT
2.45—Virginia Wade
3.15—Phantom Ace
3.45—Desperate Dee
4.15—Gold Coin
4.45—Euro Star
5.15—Ballylickey
5.45—Love Rocket

WOLVERHAMPTON
6.45—Pound Sterling
7.40—Smith***
8.10—Heracles**
8.35—Farm Gazer

TV Radio

BBC 1

† Indicates programme in black and white

1.00 p.m. The Sunday Debate. 1.35 Mary, Mungo and Midge. 1.50 News. 1.55 Wimbledon Lawn Tennis Championships. †4.23 Regional News (except London). 4.25 Play School. 4.50 Blue Peter Flies the World. 5.15 Hong Kong Phooey. 5.40 Roobarb.
5.45 News.
†6.00 Nationwide.
6.15 Wimbledon 1975.
7.20 Star Trek.
8.10 Panorama.
9.00 News.
9.25 Kojak.
10.10 Churchill's People.
11.05 Read All About It.
†11.35 Regional News.

All Regions as BBC-1 except at the following times:—

Wales—1.35-1.50 p.m. Pili Pala. 6.00-6.15 Wales To-day. 7.20-7.40 Heddiw. 7.40-8.10 Whatever Happened To The Likely Lads? 11.05-11.35 Cwestiwn Arall. †11.35 News of Wales.

Scotland—6.00-6.15 p.m. Reporting Scotland. 10.10-11.00 Mirror of Scotland. 11.00-11.30 Read All About It followed by †Scottish News Summary.

Northern Ireland — 4.23-4.25 Northern Ireland News. 6.00-6.15 Scene Around Six. †11.35 Northern Ireland News Headlines.

England—6.00-6.15 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

11.00 a.m. Play School.
2.00 p.m. Wimbledon 1975.
7.30 Newsday.
7.45 Look, Stranger.
8.10 The Waltons.
9.00 Horizon.
9.45 Match of the Day from Wimbledon.
10.25 News Extra.
11.00 Open Door.
11.29 Closedown: John Westbrook reads "Keats at Teignmouth, Spring 1818" by Charles Causley.

LONDON

10.45 a.m. A Big Country. †11.15 Strangler's Web, starring Griffith Jones. 12.10 p.m. Elephant Boy. 12.35 Sally and Jake. 12.45 Hickory House. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 The Great Western Musical Thunderbox. 2.00 Good Afternoon. †2.30 "The Uncle," starring Rupert Davies and Brenda Bruce. 4.10 Cartoon (Sinbad Junior). 4.20 Clapperboard. 4.50 The To-morrow People. 5.20 The Ghost and Mrs. Muir.
5.50 News From ITN.
6.00 To-day.
6.40 The David Nixon Show.
7.30 Coronation Street.
8.00 Man About The House.
8.30 World In Action.
9.00 Sam.
10.00 News.
10.30 The Streets of San Francisco.
11.30 World Snooker.
11.55 Yellow Pages.

All ITV Regions as London except at the following times:—

ANGLIA

[illegible]

ATV MIDLANDS

[illegible] starring Anna Neagle and Anton Walbrook. 5.20 University Challenge. 6.00 ATV Today. 10.30 Platform for Today. 11.15 A Place in Europe. 11.45 What the MPs Say.

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Housecall. 12.30 The Monday Film: "I'm Alright Jack," starring Ian Carmichael, [illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London

[illegible]

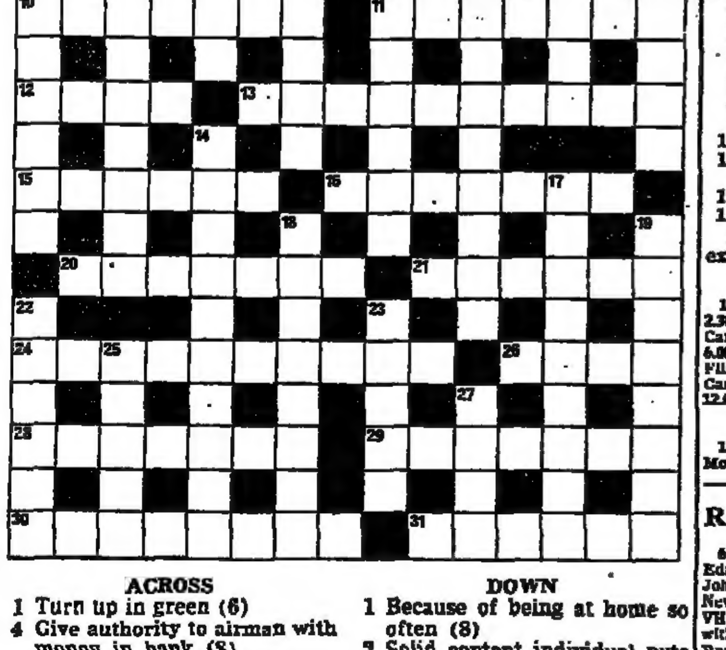
London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 2,810



ACROSS

1 Turn up in green (6)
4 Give authority to airman with money in bank (8)
10 Unprecedented giving everybody occasion . . . (3-4)
11 . . . to associate chap with old torchbearer (7)
12 1000-1 on yours truly joining dumb show (4)
13 A thorough mess follows meal (4, 6)
15 Chef comes within range (6)
16 How a mob work their passage (7)
20 Crier helps make a change (7)
21 Move clumsily in wood (6)
24 Free insurance for soft furnishing (5, 5)
26 Crazy to come back for KO (4)
28 Sugary preserve passed on (7)
29 Ship for one brief day to confine to quarters (7)
30 See pride disturbed more quickly (8)
31 Only just for part of legal profession to go to cathedral (6)

DOWN

1 Because of being at home so often (8)
2 Solid content individual puts in first book (6, 3)
3 Train for the bar (4)
5 Company with deficit a Labour leader considers enormous (8)
6 Becoming exhausted with athletics abroad (7, 3)
7 Evil spirit at protest rally before beginning of November (5)
8 Discordant tune about to take possession (6)
9 Jib at making cake (5)
14 Spring back when trailing considerably (4, 6)
17 Umpire might possibly tire at bar (9)
18 Spoon caught by a fool (8)
19 Fruitful source of Protestantism in Ulster (8)
22 Small-scale strikes at the cinema (6)
23 Full of complaints at being well-built (5)
25 Lightweight cat (5)
27 Travel permit enabling six to go to South Africa (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Don Garrard, Jill Gomez, Leo Goeke, Rosalind Elias and Donald Gramm before David Hockney's dropcurtain

Glyndebourne

The Rake's Progress

by RONALD CRICHTON

The old Glyndebourne production of *The Rake's Progress*, staged by Carl Ebert in designs by Osbert Lancaster, adorned an Edinburgh Festival and four summers in Sussex. On Saturday there arrived a brilliant new production of Stravinsky's opera by John Cox, designed by David Hockney and conducted by Bernard Haitink. It was greeted with enthusiasm. The welcome was won not only by individual *contributors* but by an uncommonly high first-night level of performance in a work fiendishly hard to bring off well. Coming after the enjoyable if not completely satisfying *Cunning Little Vixen*, this new success should help Glyndebourne face the future with as *much confidence as any opera* festival can hope to muster now.

Since David Hockney, whose designs are undoubtedly one of *the production's* assets, has a way of attracting publicity, it needs to be made clear from the start that what gives this *Rake* the final cachet is the musical side. Haitink and the London Philharmonic perform Stravinsky's endlessly rewarding orchestral commentary with superfine delicacy *and* rapier-like tautness, colours prismatic as a cleaned chandelier. The 18th-century allusions are there is plenty, but on Saturday one noticed more strongly the echoes from other Stravinsky, both earlier and (in the attention Haitink discreetly drew to chords, single notes and intervals) later than the opera. In a reading remarkable for relation of detail to whole and for sure placing of climaxes, only one *strand seemed* too lightly passed over—the inexplicably magical trumpet solo that introduces Anne Truelove before Tom's house—the essence of autumn melancholy in a deserted London square.

The fine-spun, chamber-music quality of the playing may create some difficulty for the singers, and perhaps encourages under-projection. Not in the case of the American bass-baritone, Donald Gramm, a newcomer to this country but an experienced Nick Shadow, with a polished charm of manner that makes the character's inten*tions the more diabolic*, velvety tone and impeccable timing (the *producer must allow him* a fraction of a second more for his "be you insane!" in the graveyard, before whisking him down the trap). Mr. Gramm plays beautifully with his compatriot Leo Goeke, singing his first Tom Rakewell with a *small* true tenor never forced, never un*musical*, not always able to make his mezza voce tell—it is an ancient mistake to imagine that quiet singing will carry at Glyndebourne just because the house is small. Mr. Goeke is a subtle actor: note how the *anticipatory* sparkle *in Tom's* eye and the mobile features *gradually* dull as disillusion and satiety set in.

Tom's sad-eyed, faithful Anne is the delightful Jill Gomez. She could flash out a little more in the cabaletta of Anne's big aria, but I don't remember any soprano managing the last act better, including the threefold *lullaby which sometimes outstays* its welcome. As bearded Baba the Turk Rosalind Elias establishes the good heart behind the physical eccentricity, but is no more successful than most mezzos in ensuring that Baba's chatter comes *through*—what sort of timbre did Stravinsky *have in mind? John Fryatt as* Sellem rules the auction scene with insolent ease. Don Garrard is old Truelove, Malcom King makes his mark as the madhouse keeper, Thetis Blacker is a raucous, henna'ed old boiler of *a Mother Goose*. The Glyndebourne chorus is splendid, *individually and collectively and* won as many laughs through clear articulation of Auden and Kallmann's lines as the soloists.

Hockney, designing his first opera, uses traditional methods—painted scenery, drop scenes, architectural motifs, Hogarthian *customes—with the assurance of* an old hand. In one scene some *comic trees make a friendly gesture* to his predecessor, and he has Lancaster's potentially dangerous fondness for graphic jokes which make instant but not necessarily lasting points. Hockney's use of enlarged cross-hatching is not new either, but he carries it through (even to the table cloth used by Tom to stifle Baba's prattle), with endless and increasing resource, up to a most imaginative and *original* Bedlam *scene. Here* he has even succeeded in designing chorus masks which don't impede the voices. The clear colours with effective use of black and white for the auction, go well with Stravinsky. This could become almost as much a classic of stage design as Rex Whistler's ballet *on the same story*.

Like the orchestral playing and the designs, John Cox's production demands to be experienced a second time. At first the sympathetic casting of Tom and Shadow may appear to coat the pill of morality with too much sugar, but the inner *implications are not* thereby weakened. In the chorus scenes there is a wealth for eye to take in and mind to relish — the whores and roaring boys at Mother Goose's, the leering prying London mob in the auction scene, the wickedly observed auctioneer's assistants. This *Rake's Progress* is ensemble opera of the finest kind. As Viennese critics pointed out in connection with the English National Opera's recent visit to their festival, such achievements are growing rare. Glyndebourne prices have gone up like everything else, but I think a visit *costs less than a modern* Rakewell's sleazy night out in London.

Purcell Room

Dennis Lee

by DOMINIC GILL

I was impressed by the young Malaysian pianist Dennis Lee at his shared recital in the *PLG's* Young Artists and 20th-Century Music series last January, and impressed again by his solo *recital last Friday evening*—and also a little disappointed. *Perhaps nerves* were not as steady as they might have been: *perhaps the oppressive heat* in the hall played a part. But whatever the reason, the performances on this second occasion, capable as they were, lacked the same authority, failed to make the same contact, were never driven so conclusively home.

Lee has some important talents: a strong, clean technique, keen rhythmic sense, quick responses, an agreeable platform manner. But though his playing on Friday never lacked any kind of surface assurance, it did sometimes lack qualities more important still—variety *of nuance and inflection*, vivid shading of colour and phrase, luminous inner life. The two major works in his programme were the most successful. I specially liked his easy, gentle way with the minuet of Schubert's C *minor sonata*, and its finale, suddenly galvanised to life, *brilliantly focused*. There were moments, too, in Schu*mann's Carnaval* which burst into flower: a fine, pungent "Florestan"; a beautifully accurate "Reconnaissance"; a whirlwind of a "Paganini." But subtler avenues were mainly left unexplored: the ambiguous anguish of "Lettres dansantes"; the tenderness and delicacy of "Chiarina," "Chopin" and "Coquette"; the consuming passion of "Valse noble."

He has not yet really caught *the full measure of Schoenberg's* Three Pieces op. 11—an intelligent, *but unfinished-sounding* performance, still rather too close to the notes, its larger romantic dimensions undefined. Nor, more surprisingly, did he catch much of the sensuousness or joyful sweep of Ravel's *Valses nobles et sentimentales*, which he gave more aggressively than *joyfully, punctuating* the music, particularly at climaxes, with some unexplained, and unexpected, rushes and hesitations. An interesting pianist nonetheless: and, I suspect, one to watch.

Mermaid

The Merry Wives of Windsor

by MICHAEL COVENEY

It is difficult to watch a good production of Shakespeare's comedy of the amorous Falstaff without wishing to hear Verdi's music. And it is difficult to watch a poor production without *despairing of the play altogether*. Either way, the cumbersome *antics, relieved* by little interesting poetry, guarantee an evening of some discomfort. A brilliant Ford can help, for there is plenty of opportunity in the part to develop a jealous humour, a real passion to counter-balance the rest of the nonsense. Josephine Wilson's production is less than *good* and Maxwell Shaw's Ford is less than brilliant.

Bernard Culshaw's splendid Elizabethan design (the academic influence of C. Walter Hodges and Michael Stringer is acknowledged in the programme) promises much. It translates easily from the streets of Windsor to the Garter Inn. And, at the end, there is an engagingly crude *change of gear as Herne's* Oak invades the wooden beams and the *fairy impostors* flit through the auditorium to settle around the stage. But the farcical events themselves are played out in a flat monotone of forced, unreal merriment.

There is no *dodging* the fact that Peter Schofield is underequipped *for the chief part*. He looks all right: mountainous belly, *red face*, white whiskers, mischievous eyes. But he acts on a level of jovial amiability that palls after five minutes. Most of his performance involves either *guffawing* away like Charles Penrose giving his Laughing Policeman or else charging sedately around the set like an overweight Fancourt Babberly. *In fact, just* before his transvestite apparition as the Old Woman of Brentford, he delivers the aside "Any *extreme* other than a *mischief*" with a most un-Falstaffian, effeminate *emphasis. And there* is barely a hint of convincing sexual bravura *in his pursuit* of the meddling Wives.

The production is vague in its delineation of social status, a serious lack that sabotages the slender, but important thread of the love of young Fenton for Anne Page. The Fords and Pages are *respectable, middle-class* citizens whom Fenton has *flattered for their riches* before discovering the riches of true affection. But Sally Miles and Ann Windsor as the Mistresses Page and Ford, speak, as do the servants, in an awful stage Somersetshire that I thought was only still practised *in a remote* corner of Regent's Park during *the summer months. The servants* and low-livers are afflicted, too, with the Regent's Park Shakespearian disease that causes anyone who is not a king or serious lover first to buckle at the knees and then collapse giggling when either speaking or spoken to.

The tedious business of packing Sir John with the *dirty* laundry is less well managed *than is the outrageously staged* duel between the French physician (Granville Saxton) and Sir Hugh Evans (Frank Marlborough). There is some effective incidental music by Colin Tarn and some appropriate lighting by Peter Sutton.

The Entertainment Guide is on Page 6

Festival Hall

Kurt Masur by RONALD CRICHTON

Like Klemperer, the *New* Philharmonia's former and *lamented chief, Kurt Masur, con*ductor of Thursday's concert, was *born in Silesia*. He was connected with the Komische Oper in East Berlin, later with the Dresden Philharmonic, and is now with the Leipzig Gewandhaus Orchestra. He uses no stick, but the absence of one does not, at least from the hearer's point of view, carry the usual disadvantages, those slight shivers of ensemble which happen when the most august hands are waved stickless at the *most accomplished players*.

Secure ensemble, in fact, was *one of the features of this solid* programme of Schubert, Strauss *and Brahms*. Not a *finger* was out of place in those unaccom*panied linking phrases for the* violins in Schubert's Unfinished, which ought never to go wrong *but quite often do*; there was no thought of sourness or lagging in the woodwind octaves of the first movement of Brahms's Fourth Symphony. The string playing in the slow movement was not only warm but absolutely clear, every voice contributing and properly balanced, every slur and hairpin observed, not merely for pedantic but for expressive ends.

And yet, in spite of such playing, the Fourth was not the powerful experience it should have been. Mr. Masur held back in the first movement, allowing the music to become sicklied o'er, so that the grim coda felt like a change of direction. He did much the same in the finale, *where the central sections of the* passacaglia do indeed run gentle *and thoughtful*, but *the* undertow must always be there, however deep down, or the return to the first speed cannot help seeming too much of a jerk. The Schubert was chorded and tuned with the utmost care. Mr. Masur quickened the tempo for the big tune in the first movement a little too determinedly.

The Strauss *in this concert* was not the year's hero, Johann *the* Second, but Richard, whose Four Last Songs took the place of a concerto. They are, in a sense, a concerto for Strauss's favourite instruments — the soprano voice. The singer was Evelyn Lear, radiating goodwill and touches of artistry but not, *except* in the first verse of "Beim schlafengehen," the greater part of "Im Abendrot" and a succu*lent phrase or two elsewhere*, always able to command the necessary flow of quiet, full tone at all levels. Conductor and orchestra performed prodigies of discretion, but the sunset glow was veiled.

Covent Garden

Falstaff by MAX LOPPERT

Verdi's last opera—its characters and, during even a tolerably good performance, its audience all "basking in the sun of that Olympian old age" (Boito's phrase)—did not remain, during the Royal Opera revival on Friday, quite *as* inert as its first scene; but dramatic*ally at least it seldom rose very* far above that abysmal level. *Franco Zeffirelli's 1961 produc*tion was not universally loved in its ability to fuss and elaborate into near-camp the golden late-summer humanity of the comedy; at least, on its own terms, it presented a remarkably well-knit and pointed stage spectacle. The remains, as reworked by lesser lights against the ruins of Zeffirelli's own sets, are now *pitiful to behold. Could* not the Friends of Covent Garden *be enlisted, if no other* hands are to be spared, for the dusting and repainting that are the first cardinal requisite?

The conductor was John Matheson. With plainly a minimum of rehearsal time in which to discover the joy of those quicksilver rhythmic patterns, he seemed to rest content with setting the music in motion and letting it find (or lose) its own way thereafter. Moderate tempi, in which orchestral detail and vocal characterisation could realise *themselves in comfort, were often* the sign of good Verdian under*standing (Mistress Quickly's ro*tund second act flourishes had the essence of broad bonhomie in the pacing); but a sturdy rhythmic framework necessary to support breadth and ease seemed entirely lacking, and the want of sparkle and élan in the playing was often distressingly apparent.

There were several newcomers who might well, in happier circumstances, have disported themselves to much greater effect around Geraint Evans's presently rather superficial jollity in the title part. *Josephine Barstow's* voice obstinately refused to *"speak" in Alice's first scene*; later, when it did, the width *and peculiarly vital intelligence* promised well. There were re*freshing touches* of Mediterranean warmth in the young lovers of Lydia Marimpietri (who looked a trifle mature) and Ernesto Palacio (who deployed small sound with elegance, though he bucked nervously at the start of his serenade). Best of all was Ford—in Robert Kerns's handsome, vibrant and urgent portrayal and singing, an unusually dark cloud passing across the brightness and the light. These provided temporary *pleasures, as did Francis Egerton* and Gillian Knight; but when the *final fugue incites the urge to* flee one's chair rather than stand *on* it and dance with joy, that is the final condemnation of a performance which treated one of the elect among operas with disdainful sluggishness.

The International Arts Centre

The International Arts Centre, which occupies a three-storey building at 107-111, Newington Butts, SE1, has been founded to provide cheap facilities for artists and designers. There is room for exhibitions and lectures; there are also some low-*cost studios available for* 19 students. The Centre provides *room for local meetings, recep*tions and conferences, all at very low rates. It publishes its own magazine, U, dealing with controversial arts issues.

The current exhibition, called *Foundation?*, is devoted to the work of secondary schools and colleges. It is hoped to persuade artists from the other nations of *the EEC to regard* the centre as a truly international forum.

The IAC, determined not to use Government money, has tried to meet its own expenses. These are modest: £12,000 is expected to cover maintenance and other costs for the first year, which ends on November 20. It is hoped *to finance further work by raising* loans from industry at low interest rates rather than by requesting actual gifts.

Centenary celebrations of the Royal Shakespeare Theatre

The centenary of the Royal Shakespeare Theatre at Stratford-upon-Avon will be celebrated by a week-end of special events from Friday, June 27 to Sunday, June 29, to be opened by the Queen. The week-end will include the royal opening of the *Centenary Garden, a royal gala* performance of *Henry V*, an Elizabethan Fair, a televised centenary church service, and a celebrity gala recital.

The Queen will arrive at Stratford-upon-Avon on the Friday afternoon, June 27, and travel by boat down the Avon from the Royal Shakespeare Theatre to open the new *Centenary Garden*. After the opening, she will attend a tea party in the garden, and then in the evening a performance of the Royal Shakespeare Company in *Henry V*.

Sir Michael Tippett at Cheltenham

Sir Michael Tippett, 70 this year, will attend a birthday celebration to be held as part of the Cheltenham *Festival of Music in* his honour. Sir Michael, who has *been associated with the Festival* during the past 30 years, will attend the special birthday luncheon at Cheltenham's Queen's Hotel, on July 6.

The luncheon will be followed by a Tippett concert at the Pittville Pump Room when the Lindsay String Quartet will perform Quartets One, Two and Three, *and Alexander Young, tenor, will* sing Tippett's song cycle, *Boyhood's End*, accompanied by Clifton Helliwell, piano.

The Festival Service in the evening at the Church of the Holy Apostles, London Road, will include Tippett's Magnificat and Nunc Dimittis.

Old Hall, Lincoln's Inn

National Trust Concerts

by RONALD CRICHTON

Concert societies organising a series of chamber music series up and down the country are feeling the pinch. They cannot expect much official support in these times (*and if they do*, *survival* is of real importance *not* only for spiritual nourishment at reasonable prices, but for the artists, often talented youngsters, who cannot subsist on a few concerto engagements even if they are lucky enough to have them, while only top-liners can normally hope to make recitals pay. The National *Trust Concerts Society*, *one* of these deserving causes, has boldly announced a summer and autumn season in the following great houses: Knole (Sevenoaks), *Clandon (Guildford)*, Dyrham (near Bath), Sudbury (Derbyshire), Townely (near Burnley), the Vyne (near Basingstoke), and in the Theatre Royal at Bury St. Edmunds.

The Society's London concerts were formerly given at Fenton House, but have had to be moved (owing to uneconomic lack *of space*) to the Old Hall at Lincoln's Inn, a medium-sized chamber with vaulted oak roof and panelling *friendly* to string tone (unless my eyes grossly deceive me, it is not the great chamber so strikingly reproduced on the Society's handout). In the intervals there are quiet, leafy courts to stroll in. *The present series of six concerts* opened on Friday evening with a cello and piano recital by a young Russian couple, Tanya Remenikova and Alexander Braginsky, who have come to London from Israel. She was a pupil of Rostropovich. *It may or* may not have been the master *who put the lustre on her tone*: it was surely he who taught his pupil to put the music before display and to play as one with her husband and partner.

Mr. Braginsky began alone, with Beethoven's E major Sonata, op. 109. The first two movements were preludial, as if *he were testing* the hall. The variations expanded interestingly. Together they played three cello Sonatas, Beethoven (G minor from op. 5), Debussy and Strauss. They were intense, intelligent readings, with exemplary give and taken between the instruments (and no nonsense *about the piano being the sub*sidiary partner), ardent in detail but not wayward. Even when the speeds were fast, which in finales they mostly were, the pulse was firm. The Debussy was rewarding for the amount of colour and feeling they put into it, but too subjective, too lacking in distance. *Listening to the* Strauss Sonata on a hot evening *is rather like swimming in a* bowl of thick oxtail soup, but *the close of the slow movement* was sweetly phrased, while the finale rampaged goodhumouredly.

RSC at the Aldwych

Despite the financial crisis that *threatens the Royal Shakespeare* Company's tenure at the Aldwych Theatre, David Jones, who has assumed his new responsibilities as RSC artistic director (Aldwych Theatre), has announced plans for two new productions.

The first will be a new comedy by Charles Wood *called Jingo*, and the second will be the first major professional production of the comedy written in 1901 by Harley Granville Barker, *The Marrying of Ann Leete*.

Jingo will be directed by Richard Eyre, artistic director of the Nottingham Playhouse, *and designed by John Gunter*, and will open on August 19. *The Marrying of Ann Leete* will be directed by David Jones, designed by Timothy O'Brien and Tazeena Firth, and will open on September 18.

Charles Wood's new play, a comedy of military collapse, is set largely in Raffles Hotel, Singapore, at the time of the Japanese invasion and the attack on Pearl Harbour.

These two productions could mark the end of an era for the *RSC if the necessary* £200,000 is not found for them to continue their Aldwych operation during the financial year 1975-76. However, the Arts Council has expressed the hope that discussions with the Government about a substantial increase to the RSC grant in 1976-77 could provide a solution to this year's problem.

Geza Anda cancellations

Geza Anda is recovering from a major operation and will not be appearing at next month's Royal Philharmonic Orchestra Beethoven festival at the Albert Hall. Mrs. Anda said in London that her husband was making *satisfactory progress and hoped* to be out of hospital within two *weeks*.

The five Beethoven piano concertos Mr. Anda was to have performed will now be played by five different soloists—Murray Perahia, John Lill, Tamas Vasary, Moura Lympany and Gina Bachauer.

LSO for UNA

The London Symphony Orchestra will give a concert in aid of the National Appeal Fund of the United Nations Association on Monday, June 30 at the Festival Hall. Sir Adrian Boult and Marc Soustrot will conduct and John Lill will play Brahms's second Piano Concerto.

Inflation 'distorts effects of tax laws'

THE LAW Society, which represents Britain's solicitors, wants the Treasury and tax authorities to take another look at the higher-rate income tax scales announced in the last Budget.

Its Revenue Law Committee says the combined effect of the new taxes and inflation is "producing an increase in the real effect of taxation which is out of all comparison with the adjustments in the rates which have been made in the past two years."

Commenting on the 35 per cent. basic income tax rate and the investment income surcharge on excess of investment income over £1,000—£1,500 in the case of an over-65 taxpayer—the committee says: "If an individual earned £6,000 per annum in 1973-74, his highest rate of tax would then have been 40 per cent.

"If he earns a comparable income adjusted in accordance with the index of retail prices in the year 1975-76 the combined effect of inflation and of the increases in tax in the Finance Act 1974 and the last Budget means that his top rate of tax is now 60 per cent.

"This is an increase of 50 per cent. in the top rate of tax and is only one example of the increase which is taking place, not only in Income Tax but also in Capital Transfer Tax and Capital Gains Tax as a result of inflation."

Apart from two clauses, the Budget appears to give no recognition to the effect of inflation on taxation, says the committee. "With inflation running at over 20 per cent. per annum the whole intention of tax legislation as originally enacted is distorted."

Official jobless figures 'seriously misleading'

BY MICHAEL BLANDEN

THE TRUE LEVEL of unemployment in the U.K. could be about half of the official figures published by the Department of Employment, according to estimates produced by the Centre for Policy Studies.

The Centre, an independent organisation, was set up by Conservative Party leader Mrs. Margaret Thatcher and Sir Keith Joseph.

Compared with the total of 869,822 announced last week, the worst figure for June since the last war and representing 3.7 per cent of the labour force, the Centre estimates that 423,200, or 1.7 per cent., provides a better guide to the present level of unemployment.

It suggests at the same time, that the real level of job vacancies is substantially greater than the official total of 141,300, at perhaps about 405,300.

"It is evident that even at the present time, real vacancies exceed registered vacancies by a very considerable degree," the Centre says.

Accepted uncritically, the official figures "are seriously misleading as a guide to the labour situation." They recorded the number of men and women who registered as unemployed. For various reasons, "a large number of people who are not unemployed in the usual sense of the word register as such."

These fell into three categories: those unsuited to regular full-time employment, reckoned at 210,900 in June; those in between jobs (185,700); and occupational pensioners not seeking work (50,000).

The numbers of these had been estimated on the basis of "statistics and information from the Department of Employment and deducted from the official total for the U.K. unemployed."

The adjustments did not, however, take into account the "fraudulent unemployed" — those working on the "lump," or in some other occupation who illegally register to claim benefit —nor on the other side those who were genuinely unemployed but did not register. Both these categories were too difficult to quantify.

The adjustments still show an underlying uptrend in the level of unemployment, the Centre's figures indicating a rise of 10,800 in the total of U.K. unemployed in June. Vacancies are falling, the adjusted figures showing a drop of 12,900.

GKN leases new office development in London

BY JOHN TRAFFORD, PROPERTY EDITOR

ABBEY PROPERTY Bond Fund has let its entire new office development at 8, Gate Street, just south of Holborn Underground station, to GKN, the leading engineering group. The central London block was completed only a few weeks ago.

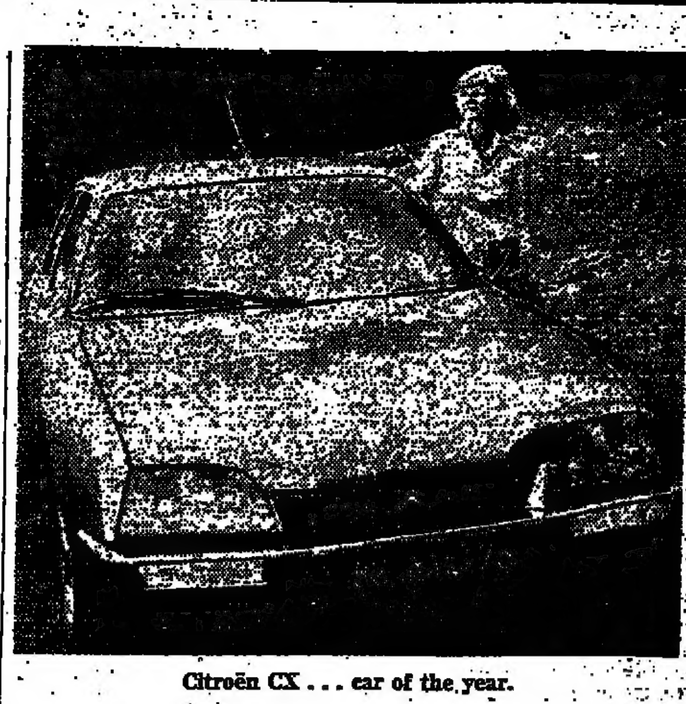
GKN's headquarters are in Kingsway a few yards away, which must have made the location of the new office attractive, but the agreed rent of £10.60 a square foot suggests that office rent levels in the Holborn area have not fallen in percentage terms as much as those in the City.

A further test of this level can be expected soon because the Prudential Assurance Company has just put on the market a 20,000 square foot office block, situated opposite its head office in Holborn, at an asking rental of £11.72 a square foot.

In the City, apart from Amalgamated Investment and Property's refurbishment of the old Port of London Authority building which has been on offer for four months, much of the interest in office lettings centres on 99, Bishopsgate, the 300-foot tower block recently completed by Berkeley Hambro Property Company.

About 180,000 square feet have been let to the Hong Kong and Shanghai Banking Corporation and the British Bank of the Middle East, but a further 118,000 square feet remains available at asking rentals of about £17.70 a square foot.

The rentals achieved will be watched by the whole City property market with keen interest.



Citroën CX . . . car of the year.

New Citroen goes on sale in U.K. next month

BY TERRY DODSWORTH

THE NEW Citroen CX, a replacement for the long-running D Series model, will go on sale in the U.K. at the beginning of next month. It will retail at £3,195.

The CX will be available initially in the 2000cc engine version only, but Citroen hopes to add the 2200cc model in September.

Launched in France last September, the CX is now on sale in most European markets. Production is running at 450 a day, a high rate for a car of its capacity and price, and as high as the D Series ever achieved.

The CX won the car of the year award this year, and its price reflects the high level of luxury and refinement that Citroen has aimed at for the new model. The car is claimed to have a top speed of almost 110 mph, and overall fuel consumption of about 22 miles a gallon.

When Citroen discontinues production of its 2.7 litre SM model this year, the CX will be its largest capacity car.

Conventions ratified to prevent oil pollution of coasts

BY JAMES McDONALD, SHIPPING CORRESPONDENT

EIGHT YEARS after the Torrey Canyon tanker disaster a new instrument has been added to international anti-pollution legislation with the entry into force this week of the International Convention on Civil Liability for Oil Pollution Damage.

To bring the convention into force, eight acceptances were needed from nations, including those of five States having at least 1m. gross tons of oil tanker tonnage. By last Wednesday 14 States had ratified the convention.

The aim of the convention is to ensure that adequate compensation is available to people who suffer oil pollution damage resulting from maritime accidents involving oil-carrying ships. The liability for any damage is on the owner of the ship from which the oil escaped or was discharged.

Insurance

Except where the owner has been guilty of actual fault in respect of the incident, he may limit his liability to an aggregate sum of slightly over $125 for each ton of the ship's gross tonnage, but liability, where limited, must not exceed $14m. for each incident.

The convention requires ships registered in States which are parties to it to maintain insurance cover or other security sufficient to meet the owner's total liability for one incident.

Contracting States are required not to permit ships under their flags to trade without such insurance and to ensure that vessels entering or leaving their harbours and other installations do carry insurance.

Slow process

Three weeks ago the U.K. introduced Commencement Orders for compulsory insurance under this convention and they came into force this week.

Last month, another treaty—the International Convention relating to Intervention on the High Seas in Cases of Oil Pollution Casualties—came into force.

This deals with the right of a coastal State to intervene and take measures to protect its coastal and other related interests where a casualty occurs on the high seas, which may reasonably be expected to result in grave and imminent danger to those coastal interests.

Both conventions are the result of a programme carried out by the Inter-Governmental Maritime Consultative Organisation (IMCO)—a United Nations establishment—after the Torrey Canyon tanker disaster off the Scilly Isles in March, 1967.

It is a measure of the slow process of international conventions that both were drawn up at an international conference in 1971 and have only now come into force.

Recovery in savings continues

By Donald Maclean

THE RECENT National Savings recovery continued last month, according to preliminary figures, which show a net flow of £10.1m. into the movement over the month, before adding undistributed interest of £27.8m.

In May last year there were net withdrawals of £53.9m., more than double undistributed interest of £25.5m.

Last month's figures are dominated by net receipts of £10.8m. by the Trustee Savings Banks, while Premium Bonds attracted net investments of £6m., and British Savings Bonds a net £5.8m.

The index-linked Retirement issue of National Savings Certificates (available to those of national retirement age) did not go on sale until the beginning of this month, and thus does not figure in the latest returns. It is thought, however, that sales have been running at about £10m. a week.

—	April-May 1975 R'cpts	April-May 1975 Repayments	April 1974 R'cpts	April 1974 Repayments
	£m.	£m.	£m.	£m.
Save as you Earn:				
Dpt. Nat. S.	3.2	3.7	4.9	1.0
T. S. Banks	3.4	2.0	3.7	0.8
Total SAYE	6.6	6.7	8.6	1.8
Savings Certs.	65.0	67.3	15.4	56.2
Br. Sav. B'nds	22.3	30.7♣	3.6	29.5♠
Nat. Dev. B'ds.	—	—	—	—
Premium B'ds	24.4	15.2	20.2	12.7
Nat. S. Banks:				
Ord. accs.	97.7	109.3	87.6	100.2
Inv. accs.	20.9	20.1	15.7	19.9
Total N.S.B.	118.6	129.4	103.3	120.1
Trustee B'nks:				
Ord. Dept.	667.3	559.6	442.6	417.8
Sp. Inv. Dpt.	126.9	118.5	83.5	103.3
Current accs.	155.2	144.6	76.1	73.3
Total T.S.B.	947.4	822.7	602.2	594.3
Total	1,088.3	1,069.0‡	753.3	815.0‡
Net Savings	+ 19.3		−61.7	
Accrued Int.	80.3	—	71.3	—
Int. on Certificates & SAYE	—	22.2♥	—	19.4♦
Total	1,168.6	1,091.2‡	824.6	834.4‡
Change in sum remaining invested	+ 77.4		−9.2	

♣ Estimate for 9 weeks.
♠ Includes £14.8m. British Savings Bonds paid off on maturity.
♣ Includes £1 4m. British Savings Bonds paid off on maturity.
‡ Includes securities paid off on maturity.
♥ Includes SALE £1m.
♦ Includes SAYE £0.1m.

Ratepayers 'should have own Bill of Rights'

BY OUR OWN CORRESPONDENT

THE SAME immunity from prosecution that trade union members enjoy when they strike is to be urged for householders who withhold payment of their rates.

A demand for full union status for the National Association of Ratepayers Action Groups will be put forward by the Bolton branch at the association's annual meeting at Stoke on July 13.

Mr. Geoffrey Mercer, Chairman of the Bolton branch, said: "What we are seeking is a Bill of Rights for the ratepayer. Unlike trade unions, ratepayers and taxpayers have no legal protection if they strike when their living standards are being lowered.

"Archaic feudal laws in fact make such active protestations punishable by seizure of all assets and possibly imprisonment for such impudence. We are seriously concerned at this state of affairs."

Pit record

MINERS at Florence Colliery, Longton, Staffordshire, have broken a four-year-old face productivity record by extracting 319.8 cwt. of coal a man-shift, beating the previous best by 23.4 cwt.

OBITUARY

Sir Richard Clarke

SIR RICHARD CLARKE, a former senior civil servant, died on Saturday aged 64.

Sir Richard — known to his friends as "Otto"—was Permanent Secretary at the Ministry of Technology from 1966 until his retirement in 1971.

Before the war, he worked with the British Electrical and Allied Manufacturers' Association and then at the Financial News (later amalgamated with the Financial Times). He was also a visiting lecturer at Cambridge University.

He joined the Civil Service in 1939 and became an Assistant Secretary in the Treasury in 1945. He was promoted Under-Secretary in 1947, Third Secretary in 1955 and Second Secretary (in charge of the Public Sector Group) in 1962.

Since his retirement, Sir Richard held non-executive directorships at Courtaulds, EMI Guinness Mahon and GKN.

W.W.R. writes: Sir Richard Clarke was from 1933 to 1938 a member of the editorial staff of the Financial News (the newspaper which in 1945 acquired the Financial Times).

Together with the late Mr. Hargreaves Parkinson, who was the originator of the Lex Column and later editor of the Financial News and of the Financial Times, he applied his considerable mathematical talents to the formulation of the Financial Times Industrial Ordinary Share Index.

This Index, launched 40 years ago in 1935, quickly established itself as an accurate indicator of Stock Market trends. That it is still the pre-eminent indicator is a tribute to the creative efforts of both Parkinson and Clarke.

Sir Richard was a contributor to the original Lex Column as well as an authoritative leader writer on economic and financial matters, and it was no surprise to his colleagues when he left the Financial News to join the Treasury.

Miners' pension scheme invests £11.2m. in year

BY ERIC SHORT

THE MINEWORKERS' pension scheme invested £7.5m. in property and £3.7m. in marketable securities in the year to last September 30, according to the report on the fund published on Friday.

The investment managers actually over-invested during the year, because the fund had a cash flow on the year of £5.8m. and cash in hand at the beginning of £4.9m.

The value of the fund's marketable securities at the end of the year was £65.4m. in equities and £8.5m. in fixed interest, while the book value of its property holdings amounted to £45.3m.

The scheme covers more than 250,000 members and during the year contributions to the fund amounted to £4.6m. from the members and £19.6m. from the National Coal Board. Investment income was £1.5m. higher on the year at £10.5m.

The fund at the end of the year stood at £138m., after paying benefits and administration costs of £29m. It was paying pensions totalling £547,716 a week to 238,189 pensioners.

London tea sales

At the tea sales held in London last week 44,101 packages sold realised an average price of 62.64p per kilo, compared with 60.77p at the previous sale and against 50p a year ago. Plain tea was quoted at 38p.

	No. of kilos	Average per kilo
African Highland Prod.	82,252	63p
Amalgamated	29,119	61p
Assam Doosrs	11,060	53p
Assam Frontier	56,055	39p
Attareekhat	3,173	62p
Borelli	13,816	68½p
British Africa	24,179	57p
Central Africa	16,798	39p
Chulsa	3,172	59½p
Cons. Estates	32,836	57½p
Cons. Tea & Lands	32,342	58p
Dekhari	35,330	63p
Demodera	11,969	60p
Duckwari	39,331	64p
Eastern Assam	21,417	62p
Jokai	51,840	60½p
Jorehaut	14,624	63½p
Kenya	12,708	65p
Moran	66,811	69p
New Dimbola	22,426	68p
Ouvah	29,080	64p
Pabbojan	60,918	62p
Scot. Tea & Land	32,308	68p
Singlo	10,422	64p
Spring Valley	11,502	65p
Tanganyika	29,357	63½p
Teilbedde	16,145	79½p
Thanai	27,210	62p
Tukvar	38,716	65½p
Upper Assam	59,815	63½p

Stocks at June 13 amounted to 65,670 metric tons compared with 56,590 metric tons a year ago. Converted at 48,988 kilos per package.

Dearer cigars

IMPERIAL TOBACCO said yesterday that prices of its British-made cigars would go up soon because pre-Budget stocks would be exhausted within a few days. Small cigars will go up by 4½p for 10 to 45p, Castella Panatellas will go up by 2p each to 17p and Embassy Emperors will cost 4½p more at 37p.

Midland to be Tesco registrars

Financial Times Reporter

TESCO, THE supermarkets group, is to appoint Midland Bank as its registrars in place of Kleinwort Benson, the merchant banking group, a change that will take effect in about six months' time.

This had nothing to do with a report at the week-end that Tesco was changing its financial advisers from Kleinworts to Rothschilds, said Mr. Leslie Porter, chairman of Tesco.

The report suggested that Tesco, which was founded by Sir John Cohen was to switch its advisers because Kleinworts were taking an increasingly pro-Arab line.

Mr. Porter said that Tesco had no plans to change its advisers, and in fact, had never named them. It had been generally acknowledged that the group's number one adviser was Rothschilds, which for many years had advised the Tesco pension fund.

Since October, 1973, Mr. Stanley Berwin, a Rothschild director, had sat on the Tesco Board as the merchant bank's nominee.

Tesco had used Kleinwort's in the past as advisers "and will continue to use them when the occasion arises."

Explaining the change in registrars, Mr. Porter said that Midland Bank had moved its registration complex to Sheffield and computerised its system. Tesco had been offered a deal "we could not really refuse." Midland had been Tesco's banker for over 50 years.

Reforms 'destroying local government democracy'

BY JOE RENNISON

LOCAL GOVERNMENT at grass roots level as the country has known it could disappear by the end of the 1980's, it is predicted to-day by Sir Harry Page, former City Treasurer of Manchester.

Writing in The Three Banks Review, the bulletin of the National and Commercial Banking Group, he says the recent reorganisation of local government, coupled with the transfer of certain of its duties to other bodies, has contributed to its further decline instead of revitalising it.

Services such as health and water had been removed from the supervision of local authorities and police and fire services and, possibly, the whole of education could follow. This cut in responsibilities and the increased dependence on Whitehall threatened the very survival of local democracy.

Of the total of relevant expenditure by councils of £8bn. in the present year, 66.5 per cent would be contributed by Whitehall—and the Government naturally wanted a greater say.

Even if no grants were made though, the Government would still want some say in spending in the interest of controlling the economy.

This trend would continue and there would come a time when the absorption of local government into the central machine would be irresistable.

An important pointer could be the result of the Layfield Committee's report on local authority finance. If it should recommend that the rating system be taken out of local control or replaced then "local authorities will have lost a critical battle."

Sir Harry puts forward four suggestions: A reorganisation to produce 40 to 50 all-purpose authorities, stabilisation of Government grants at 50 per cent. of local expenditure; the same figure for capital provision; and, a thorough overhaul of the rating system with regular revaluations.

These measures would "mark the end of the concept of grass roots democracy . . . but may be seen as the lesser of two evils."

YACHTING BY ALEC BEILBY

Noryema's crew revel in storm

RON AMEY'S Noryema took much of the glory in the 230-mile Morgan Cup race — second of two offshore races in the British Admiral's Cup team selection trials.

The yacht led the way home in testing weather, collecting the Morgan Cup as overall race winner and also the Colin Campbell Cup as winner of Class I.

The race started from Cowes on Friday evening, the fleet facing a long drift eastwards into light winds, many crews resorting to kedge anchors as the west-running tide began setting into the Solent.

The wind then filled as the leaders rounded the Royal Sovereign tower, the British-designed Atair leading the way to Le Harve. Atair, owned by astronomer, Arthur Sutsch, will represent Switzerland in the Admiral's Cup series.

Once at Le Harve, the wind backed to the north and freshened, occasionally gusting to 35 knots, giving the fleet a long hard slog home.

This was what the selectors had needed; Morning Cloud had already shown a weakness when sailing off the wind on the way to the French coast, though she made up ground on the way home to finish fifth in her class and sixth of the trial yachts.

She, with Prospect of Whitby and Yeomon XX, hit a flat patch in the wind between England and France, while other yachts further east, maintained their speed.

The crew of Noryema—tenth yacht of this name—revelled in the storm, while astern Robin Aisher and his team aboard Yeoman also indulged in giant-killing by winning the Class II trophy and strengthening their claim to a place in the British team.

In the Admiral's Cup trial order, when the 14 triallists are separated from the main fleet of 111 starters, Norymena led Ernest Juer's Brother Cup by three minutes, with Yeoman 20 minutes behind. John Prentice's Battlecry, having avoided the Royal Sovereign tower, came fourth, beating Chris Dunning's Marionette by three seconds on handicap.

Arthur Slater must be one of the most disappointed men afloat this season. His new Prospect of Whitby has never finished higher than eighth in the trials, and this week-end gave another poor showing, finishing tenth.

The trials were concluded at the week-end with two inshore races, and the British team will be named on the last day of this month. Yeoman and Norymena seem obvious choices. The problem will be the choice of the third yacht.

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LABOUR NEWS

TUC call for employee say in local councils

BY LORELIES OLSLAGER, LABOUR STAFF

PROPOSALS for a radical reform of local government, giving council workers a say in running the authorities by whom they are employed, have been made by the Trades Union Congress in its latest drive for industrial democracy.

It is proposing that local authority employees should be given up to one-fifth of the seats on council committees with full voting rights.

The proposals, drawn up by the TUC's local government committee, have been sent to Mr. Anthony Crosland, Secretary for the Environment, for study. They would require changes in the law and the TUC is seeking consultations with the Government "in due course."

The proposals for workers participation in local government came after the TUC's call that union-elected worker directors should hold half the seats on the supervisory boards of private companies and public sector enterprises.

They do not take up initial calls by some unions for 50 per cent. employee representation on local councils as such, and thus implicitly acknowledge the supremacy of political over industrial democracy.

The letter to Mr. Crosland says "the case for enabling local government employees to participate in decisions of their employing authorities is as valid as for the rest of the working community. Councils have a responsibility to their employees as well as to the electorate . . ."

In detail, the TUC suggests that local authority employees belonging to unions should have the right to elect representatives from among their ranks to sit on lower-level bodies such as the governing authorities of schools and colleges, and on various council committees. The employees should have at least two seats on each body, but their number should not exceed 20 per cent. of total membership.

For single-purpose bodies, such as education or health committees, only the workers directly concerned would elect representatives. But representatives on committees serving more than one department, such as finance or policy and resources committees, would be elected by all trade unionists employed by the local authority.

The TUC says in its letter that teachers have been represented on local authority education committees since 1902.

The principle had thus already been accepted that council employees with special knowledge could contribute to the formulation of programmes and policies.

Port Talbot strikers seek union backing

BY OUR LABOUR STAFF

STEEL WORKERS at Port Talbot, the centre of BSC's development strategy in Wales, are seeking official union backing for their six-day-old strike which has halted all steel output at the plant.

The demand is being made as the men's union, the Iron and Steel Trades Confederation, resumes negotiations with BSC on a 30 per cent. pay claim to-day.

The Port Talbot strike is threatening to halt production in the cold rolling section, where several hundred operatives decided over the week-end to stop work, bringing the total number of strikers to about 5,000.

The Iron and Steel Trades Confederation is expected to raise the issue which initially led to the stoppage in the pay talks to-day or when the TUC Steel Committee meets the Corporation to-morrow.

The Port Talbot men first stopped work to protest at the elimination of week-end shift work at the plant in the wake of BSC's agreement with the trade unions on a cost-saving programme designed to avoid once-threatened massive redundancies.

The ISTC executive, according to officials, is "incensed" at the elimination of all week-end work, which it claims runs counter to a long-standing agreement it has with BSC.

A week-end meeting of Port Talbot workers disclosed that the men there are angry over the management's alleged failure to implement a five-month-old agreement on paying work measurement incentives.

The curtailment of week-end working, which also led to short-lived strikes at other plants, was described as the "straw that broke the camel's back."

BR plans more economy talks with unions

BY OUR LABOUR STAFF

WITH THE threatened railway strike averted by Friday's 30 per cent. pay agreement, British Rail plans to start talks with the unions as soon as possible on the economies that have to be made to finance the deal.

Mr Richard Marsh, BR chairman, has said already that the £9.3m. needed for the rises agreed on Friday—which come on top of the previous £77.5m. arbitration award—would have to be found within the industry. This could put some jobs and the railways' efficiency, in jeopardy.

BR said yesterday that it had no concrete plan yet to achieve the necessary savings. The matter would now be discussed with the unions.

Some union officials did not seem unduly worried about the possibility of redundancies. They said that BR's workforce had been contracting for years and that further cuts were planned even before the latest pay deal.

But the National Union of Railwaymen said it would object strongly to the elimination of jobs if that resulted in a reduction of BR's vital services.

Mr. Marsh flew to South America yesterday in an effort to sell BR expertise and manufactures. This should please the unions, which have been saying for a long time that BR could become a major exporter if the necessary investments were ...

Seamen's decision expected

BY OUR LABOUR STAFF

A DECISION is due this week in one of the last of this year's outstanding private-sector pay disputes—the seamens' claim for £40 for a 40-hour week which the employers say would add 80 per cent. to the wage bill.

The arbitration tribunal which has been hearing evidence from both sides is expected to announce its award to-day or to-morrow, in time for the national executive of the seamen's union to consider it during a three-day meeting from Wednesday to Friday.

The union agreed to arbitration on the claim after calls for a strike had been narrowly rejected by the executive.

It is refraining from saying whether it will accept the arbitration award if it does not come up to its expectations.

Strike ends

FOURTEEN HUNDRED process and celon workers at Courtaulds, Aintree, voted yesterday to return to work to-day while negotiations resumed on a new pay offer from the employers. They had been on strike for 11 days seeking a rise of £6.50 a week.

The Kenya-based UN Environmental Programme is behind next June's Vancouver conference on the problems of urbanisation. **John Worrall** reports from Nairobi

A new deal for the bursting cities

SO MANY dire predictions have been coming from Mr. Maurice Strong and his professional environmentalists at UNEP, the UN Environmental Programme, in Nairobi, that ordinary people are becoming numbed by the awesomeness, the magnitude and the complexity of it all. There is no end to the catalogue of disasters facing the world—pollution of the seas, rivers and atmosphere, the march of the deserts, degradation of the soil, the plight of overcrowded cities.

So baffling

The sheer volume of words pouring from UNEP has been so baffling, even to Governments, that it has been losing credibility outside the world of the professionals. In the first flush of activity as the "world's environment conscience" UNEP produced a vast array of statements on the awful human condition. Mr. Strong's Executive Director's annual report to the UNEP Governing Council on *The state of the environment* ranged across food, population, energy, the oceans, raw materials, arid lands, climate, water resources and tropical forests from Trinidad to Timbuktu. If anything was wrong with man's environment it was all there, closely researched, fully documented.

Some restiveness, however, was apparent at the last meeting of UNEP's 58-member Governing Council, a body which represents a cross-section of the world's nations, big and small. Some delegations such as the British and the Americans said it was time to bring environment problems from the general to the particular. Action was demanded "instead of a re-analysis of the whole human condition." Britain's representative, Mr. T. P. Hughes, said. "This organisation has too few resources, financial and human, to try to answer all the questions — we just will get spread too thin," said Mr. Christian Herter, the U.S. delegate. Largely as a result of that meeting UNEP is embarking on a new policy of selectivity. Heading the list of environmental priorities now to be given urgent attention is the crisis approaching the world's cities and towns, the "human settlements," in environmentalist jargon.

Inexorable

One prediction, derived from statistics, is that by the turn of the century more people will be living in the cities and towns than in the rural areas. The inexorable drift to the towns is there for everybody to see in the industrial nations and especially in the developing nations, where life in the cities seems to hold out more economic hope, more jobs, and certainly more joy than life in the countryside.

To focus attention on this almost unstoppable urban drift and to correct the lack of forethought to deal with it in most countries, the United Nations has planned a practical and down-to-earth exhibition and conference which will not only explain the problems but also seek to put forward practical means to make human settlements better places to live in. The conference is called Habitat '76 and will be held at Vancouver, in Canada, in June, 1976. A vast exhibition centre is to show how to build cheaper and environmentally sounder houses for the millions whose only hope now is in shanty-towns and bigger slums; how to provide enough pure water, sanitation, energy, transport, food, clean air. It will be a happy hunting ground for environmentalists putting forward their most revolutionary ideas; but out of it may come a new deal for the world's bursting cities.

Mr. Maurice Strong, executive director of the Nairobi-based United Nations Environmental Programme

The British environment team says its national contribution to Habitat '76 is being prepared "with the intention of achieving an exchange of views on a range of practical solutions . . . our objective is to seek solutions to the problems of how to control and shape the changing environment of our settlements in a way that benefits the community as a whole."

Blight

One of the important functions of Habitat '76 is to demonstrate to poor developing nations how they can go on developing, as they must, while at the same time avoiding the appalling environmental blight which the older nations have created in their backyards. There is a strong feeling among some developing countries that the huge cost and inhibitions of environmental management will retard their development; environment is only for the rich, they say.

Meanwhile, ideas are pouring in for Habitat. Water problems will be highlighted, for by the year 2000 the world's water needs will have increased fourfold.

Drinking water from fog, catchment areas for rainwater, desalination plants to provide drinking water from the sea, seawater for sanitation, solar stills to make water, water atomisers to convert one litre of water into enough liquid for 100 people to wash their hands—all are being developed in various parts, some successfully.

Alternate systems for producing energy and power will loom large: methods of developing clean-burning methane gas from refuse and manure; solar energy systems; windmills for power and pumping water, and 100 other inventions, projects and working systems.

Housing

A great deal of attention, of course, is being paid to housing for the world needs 30m. new housing units a year to keep pace with expanding populations. New housing materials will occupy a lot of space at Habitat '76, with all the experiments and developments in recycling waste such as mud, straw, sugar cane, rice husks, coconuts, and processed garbage straight from the town tip.

For the conference there is a word of warning about over planning, or wrong planning, from a UNEP expert who once visited a housing scheme for nomadic families: "The families were living in their tents, and the animals were living in the houses, simply because the houses were alien to their culture and experience."

THE JOBS COLUMN

Scoopered · Editor · Food

BY MICHAEL DIXON

IT surely can't be a secret that the only real reason journalists have for chasing after scoops is the joy of confounding their competitors on other newspapers—in my case, the education correspondents. This is because only journalists, who unlike proper readers tend to look through all the papers, can be relied upon to recognise a scoop and feel jealous about it.

Only once have I got the ultimate type of scoop: the so-called world, hard news, general interest exclusive. A clear day ahead of anyone else. I disclosed that "Red" Rudi Dutschke was to be expelled from Britain. And naturally on the day of printing I went to the appropriate Press watering place to wallow in the envy of the opposition. As it happened, however, none of them had noticed that my story had appeared. Ever since that day (Can it be? Yes.) five years ago, I have retained this awful inferiority feeling that my stuff somehow never gets read by other journalists.

So it is in somewhat desperate hope that I start this week with a job for just that sort of creature. Charles Lewis, who manages the new public relations department at ICI Plastics Division headquarters in Welwyn Garden City, is looking for an editor for the division's fortnightly paper, Plastics News. About 8,500 copies of each issue are printed to supply news of the division's activities and general interest stories about other bits of ICI to readers in Essex, Lancashire, Teesside, Dumfries, France, the Netherlands, Portugal and Spain, as well as at Welwyn.

Charles who—as befits a professional publicist—has a degree in theology, wants someone familiar with the production side of journalism, who can also write lively, with experience on an evening or recognised provincial paper or another appreciable house journal. A grasp of industrial relations would also come in handy, as would a nose for the newsworthinesses of large company life. Age early 20s to perhaps mid-30s. Salary for the job, which includes gives some help on local Press relations, will be more than £5,000, plus profit-sharing scheme. Applications to 32-year-old Mr. Lewis (P.O. Box No. 6, Bessemer Road, Welwyn Garden City, Herts. AL7 1HD—tel. 23400).

I gather, by the way, that when this job is eventually advertised the headline will read "Be where the action is!" That disappoints me, Charles. Not good journalism. It's an old cliché. In future please remember the classic news editor's instruction: "Nobody gets printed in this paper who writes old clichés. What we want here is new clichés."

THE LONDON-BASED Central Council for Agricultural and Horticultural Co-operation is looking for two skilled marketeers, I can reveal. Ken Miles, who has been head of marketing there for around three months, says that the organisation encourages and guides the development of farming co-operatives in the U.K. There are more than 600 of them, and their total turnover exceeds £700m.

His responsibilities include responsibility for speedily developing the marketing of produce sold off British farms, which means working closely with supermarkets, wholesalers, consumer groups, food companies, and so on.

Mr. Miles (formerly with Unilever and Watney) wants one of the recruits to work in meat marketing, and the other in vegetable marketing. Both will operate in conjunction with development staff "in the field."

Either women or men, candidates need to have experience in a high-class company marketing operation in brand- or product-management. They must be consumer-goods people, preferably though not essentially familiar with the food trade, and something around 28 to 38 in age. "They will need to be good at communication and to have imaginative rather than administrative abilities," the head of marketing adds. The salary level for both jobs is a bit above £5,000.

Applications to Ken Miles at Hancock House, Vincent Square, London, S.W.1—tel. 01-834 1741. Later in the summer the council will move to New Covent Garden.

SO, once again, to that never-miss taker-up of my offer of free publicity for job openings—Professional and Executive Recruitment (4-5 Grosvenor Place, London SW1X 7SB—tel. 01-235 7030).

The Pencol consulting engineers group wants a chartered engineer with consulting expertnes in matters of sewage and "clean" (their inverted commas) water. Candidates need detailed knowledge in design of pumping plant and associated machinery. Base is London head office with prospects of short overseas trips. Earnings around £6,000. Apply Martin Chapple (extension 216).

Vacuum Interrupters needs an accountant/company secretary in north London. Qualified candidates must be able to develop all aspects of the financial function of the company in line with planned expansion. Age 25 upwards. Salary about £5,000. Apply Colin Hodson (ext. 351).

APPOINTMENTS

EMI group executives

The following appointments have been made within the EMI GROUP to come into effect on July 1.

Mr. Graham J. Powell will become director of group staffs, North America, and will be succeeded as director of development planning by Mr. Clive G. D. May. Mr. John F. Willsher, who is director of operations, commercial electronics, is to be director, medical electronics. Mr. Willsher was recently appointed a divisional director of EMI. Mr. Rex F. Thorne joins EMI as director, industrial electronics. He was previously with ITT and Standard Telephones and Cables. Mr. Ramon Lopez, managing director of EMI Italiana SpA, moves to EMI's London headquarters as operations director, international operations, accountable to Mr. P. A. D. Duffell, managing director, international operations.

*

Sir Kenneth Keith, in view of his increasing business commitments at home and overseas, has decided to retire from the Board of EAGLE STAR INSURANCE COMPANY.

*

Mr. D. L. Freeman has been elected president of the BRITISH SCRAP FEDERATION.

*

Mr. M. W. Walton has been appointed deputy managing director of VOGUE BATHROOMS, within Glynwed bathroom and kitchen products division.

*

Mr. C. T. H. Law, Mr. K. G. Paget Brown, Mr. C. E. Scott-Hopkins, Mr. R. R. Cockroft, Mr. C. P. Kerr-Moller and Mr. T. Goodfellow will join the Board of TOWRY LAW (PENSION SERVICES) from July 1.

Mr. S. J. Jackson has also been appointed to the Board with executive responsibilities for the company's daily operations.

Mr. A. Wesley has been appointed managing director of Towry Law (General Insurance) and Mr. J. V. A. Cuthbert managing director of Towry Law and Co. (Scotland) from that date.

*

Mr. J. N. H. Hay has been appointed a director of THE BRITISH AVIATION INSURANCE COMPANY on the resignation from the Board of Mr. K. M. Bevins. Mr. R. I. Sloan has been appointed a director on the retirement from the Board of Mr. M. H. R. King

*

Mr. Roger Coleman has been appointed a director of WM. NEILL AND SON (ST. HELENS), a subsidiary of the Capper-Neill Group.

*

Dr. J. B. Izatt, chief engineer, Dynamic Analysis Research and Development at Solartron, has been appointed chairman to the Engineering Design Sub-Committee of the Institution of Electrical Engineers. He succeeds Dr. R. Hawley, of C. A. Parsons.

*

Sir John McKay, formerly Chief Inspector of Constabulary for England and Wales, has been appointed a director of SECURICOR, the operating company controlled by Security Services and Securicor Group.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Contract Furnishing and Int. Design (cl. June 26)	Olympia
To-day	Film Technology Exhibition (cl. June 27)	Royal Lancaster Hotel, W.2
To-day	Euro. Assn. of Radiology Tech. Exbn. (cl. June 27)	Edinburgh
June 25—26	Royal Norfolk Agricultural Show	Norwich
June 30—July 3 .	Royal Agricultural Show	Kenilworth, Warwicks.
July 1—3	Electronics Exhibition	Leeds University
July 1—4	B'ham and Midlands Bus. Equipment Exbn.	Birmingham
July 8—9	Business '75 Exhibition	Middlesbrough
July 8—10	Great Yorkshire Agricultural Show	Harrogate
July 8—11	Intnl. Audio-Visual Aids Exbn. and Conf.	Olympia
July 14—26	North-West '75 Home and Leisure Exbn.	Blackpool
July 18—26	Brighton Antiques Fair	Corn Exchange
July 20—21	Fish Catering Services Exhibition	Regent Centre Hotel, W.1
July 20—24	Northern Lighting Exhibition	Manchester
July 20—24	Harrogate Gift Fair	Harrogate
July 22—24	Royal Welsh Show	Builth Wells

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	European Machine Tool Exhibition (cl. June 26)	Paris
Current	International Motor Show (cl. July 6)	Athens
Current	Music Industry Trade Show (cl. June 24)	Chicago
Current	Building Materials & Pre-Fabrication (cl. June 25)	Tehran
To-day	International Packaging Exhibition (cl. June 27)	Brno
June 24—27	Opto-Electronic Systems Exhibition	Munich
June 24—28	Irish Cleaning and Maintenance Exhibition	Dublin
June 24—July 6 .	Housing and Public Works Exhibition	Naples
July 1—8	International Saba Saba Trade Fair	Dar es Salaam
July 3	Zambia Trade Fair	Ndola
July 4—5	Glazing and Window Frame Exhibition	Stuttgart
July 4—13	Food and Agricultural Machinery Exhibition	Sao Paulo
July 8—17	Intnl. Fire Engineering Exhibition	Moscow
July 14—18	Medical Exhibition	Johannesburg
July 14—18	National Housewares Exhibition	Chicago
July 15—24	Manf. Equip. for Aluminium Products	Moscow
July 18—20	Processed and Speciality Foods Fair	Bombay
July 20—Jan. 18 .	International Ocean Exposition	Okinawa

BUSINESS AND MANAGEMENT CONFERENCES

Current	Ashridge Man. Coll. Management Dev. (cl. June 27)	Berkhamsted, Herts.
To-day	Brad. Univ.: Marketing and Logistics (cl. June 28)	Heaton Mount, Bradford
To-day	Urwick Man.: Comp. Systems Analysis (cl. July 11)	Slough, Bucks.
June 24	Guardian Bus. Serv.: Understanding Com. Contracts	Hyde Park Hotel, S.W.1
June 24—26	FT Man. Serv.: Int. Auditing and Man. Systems	London
June 25	IPC Bus. & Ind. Trng.: Meat Alternative	Cafe Royal, W.1
June 25	Inst. of Marketing: Management by Commitment	London Tara Hotel, W.8
June 25	N.I. Dept. Com.: Steel Fabrication for Offshore Oil	Dunmurry, N. Ireland
June 25	Chatham House: The International Credit War	RIIA, 10, St. James's Sq., SW1
June 25—26	Marylebone Press: Recycling and Waste Exchange	Palace Hotel, Buxton
June 26	Sino-British Trade Council: Chinese Oil	Excelsior Hotel, Glasgow
June 26	Printing World: Men, Machines and Management	Cafe Royal, W.1
June 30—July 1 .	Computer Power: Advanced Filetab	Cannock, Staffs.
June 30—July 1 .	Strategic Man.: Creativity and Innovation	London Bus. School, N.W.1
June 30—July 2 .	South Wales Inst. Eng.: Materials Conservation	Cardiff
June 30—July 2 .	Dunchurch College: Know about Offshore Oil	Dunchurch, near Rugby
June 30—July 3 .	NE Scot DA: Aberdeen—Europe's Offshore Capital	Aberdeen
July 2	Assn. of Cert. Accnts.: Current Taxation	Imperial Hotel, W.C.1
July 3	Inbucon/A.I.C.: Job Design at Work	Barrington House, E.C.2
July 3	South African Investment Seminar	Intercontinental Hotel
July 3	Staniland Hall: Outlook for Leisure to 1980	London Hilton, W.1
July 7—11	P-E Cons. Group: Maintenance Management	Egham, Surrey
July 8	Arab Mkt. Res.: Selling to Arabian Peninsula	Cafe Royal, W.1
July 8—9	Graham & Trotman: Offshore Service Business	Manchester
July 8	BACIE: Television in Training	Goldsmiths' College, S.E.14
July 8	Inbucon/A.I.C.: Relocation or Dislocation	Financial Times Cinema
July 9	Inst. Directors: Cap. Trans. Tax and Small Bus.	Royal Garden Hotel, W.8
July 10	New Law Journal: Revenue Law	Cafe Royal, W.1
July 11—13	IEE: History of Electrical Engineering	Manchester University
July 14	CRMPE: Electronics in Offshore Operations	Cafe Royal, W.1
July 14—18	Louis A. Allen & Ass.: Professional Management	Grand Hotel, Eastbourne
July 14—18	ABRAXAS: Basic Synectics Course	Richmond Hill Hotel
July 14—18	IPM: Work of Personnel Department	Berners Hotel, W.1
July 14—18	Harry Mitchell & Partners: Incentives	Beeston, Notts.
July 14—18	Inst. of Purchasing: Practical Buying	Nottingham
July 14—18	Kepner-Tregoe: Decision-Making	Whateley Hall, Banbury
July 15	North Paul & Ass.: Transactional Analysis	The Gloucester, S.W.7
July 15—19	RICS annual conf.: Energy and Development	Edinburgh University
July 16	Market Inp.: Where have all the Profits Gone?	Portman Hotel, W.1
July 17	Inst. Manpower Stud.: Industry's Manpower Needs	London Sch. of Economics
July 17	WIRA: EEC and U.K. Wool Textiles	Headingley Lane, Leeds
July 23—24	Financial Times, Irish Times and Berlinske Tidende: Europe after the Referendum	Dublin

BANKING APPOINTMENTS

GENERAL APPOINTMENTS

BOND DRAWING

GUAYAQUIL & QUITO RAILWAY COMPANY LTD.
5%, (FORMERLY 6%) 1ST MORTGAGE ASSENTED BONDS

NOTICE IS HEREBY GIVEN that at a Drawing on the 12th June, 1975 at Williams & Glyn's Bank Limited, 67 Lombard Street, London, E.C.3, the following Guayaquil & Quito Railway Company Bonds were drawn for repayment at par on the 2nd July, 1975 after which date interest thereon will cease:—

42 Bonds of \$1,000 = \$42,000

250	338	419	432	448
452	1018	1022	1036	1049
1899	2494	3344	3708	3919
3922	4146	4499	4512	4529
4821	5433	5535	7016	7194
7356	7451	7711	7991	8002
8392	8792	9524	9630	9693
10421	10847	10919	10995	11196
11370	12061			

Bonds with coupon No. 45 due 2.1.76 and subsequent attached should be presented for payment at Williams & Glyn's Bank Limited, 5-10 Great Tower Street, London, EC3R 5DH (and left three clear days for examination) or at the Chemical Bank, New York.

Patrick F. J. Freeman
Notary Public of the Firm of.—
JOHN NEWTON & SONS.
27 Clements Lane
London, EC4.
WILLIAMS & GLYN'S BANK LIMITED.
5-10 Great Tower Street,
London, E.C.3.
12th June, 1975.

ECUADOR 4% GOLD CONDORES

NOTICE IS HEREBY GIVEN that at a Drawing on the 12th June 1975 at Williams & Glyn's Bank Limited, 67 Lombard Street, London E.C.3, the following Ecuador 4% Gold Condores were drawn for repayment at par on the 2nd July, 1975 after which date interest thereon will cease:—

9 BONDS OF £100 each = £900.00

203	260	468	601	605
609	614	619	657	

Bonds with coupon No. 45 due 2.1.76 and subsequent attached should be presented for payment at Williams & Glyn's Bank Limited, 5-10 Great Tower Street, London EC3R 5DH, and left three clear days for examination.

WILLIAMS & GLYN'S BANK LIMITED.
5-10 Great Tower Street,
London, E.C.3
Patrick F. J. Freeman
Notary Public of the Firm of —
JOHN NEWTON & SONS,
27 Clements Lane,
London EC4.
12th June 1975.

CORRECTED NOTICE

(CORRECTED NOTICE)
CHILEAN EXTERNAL LONG TERM DEBT LAW NO. 8962
CHILEAN 5% LOAN 1965

Due to an error the following amendments are necessary to the advertisement which was published on Thursday 19th June, 1975, relating to the above loan:—
1 Bond of £500 nominal capital
Bond No. 178 should read Bond No. "687"
2 Bonds of £100 nominal capital each
Bond No. 687 should read Bond No. "1057"
Bond No. 755 should read Bond No. "7516."
N. M. ROTHSCHILD & SONS LIMITED.
New Court
St. Swithin's Lane
LONDON EC4P 4DU.
23rd June 1975.

COMPANY NOTICES

RAND LEASES (VOGELSTRUISFONTEIN) GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)

Adjournment of Extraordinary General Meeting convened for 20th June, 1975.

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of this company convened for 20th June, 1975, for the purpose of considering and if thought fit, passing a Special Resolution for the adoption of new Articles of Association of the company was, in the absence of the necessary quorum, adjourned.

The adjourned meeting will be held at Anglovaal House, 56 Main Street, Johannesburg, at 1000 hours on Friday, 27th June 1975.

ANGLO-TRANSVAAL TRUSTEES LTD,
London Secretaries.
Per: I. S. Farmer,
Secretary.

Head Office:
56 Main Street
Johannesburg.
London Office:
295 Regent Street
London, W1R 8ST.
23rd June, 1975.

ENTERTAINMENT GUIDE

MARY DUNN'S GRADUATE SECRETARY DEMANDS

"Something she can call her own"

MARY DUNN has just been made the first woman professor at the University of Strathclyde. This university was the the first in Britain to elevate secretarial studies to degree course status

Professor Dunn has headed the Centre of Secretarial Studies—now the Department of Office Organisation—since its inception in 1970. There are currently some 1,200 graduate and post-graduate secretaries who have completed the three or four-year BA degree course.

The philosophy behind the high-level training of secretaries is a simple one according to Professor Dunn. "The able young women who want a secretarial or broader business career should be able to study for that career alongside their peers, in the university environment. They must have a sound understanding of the theory and practice of management because they are going to be working with someone at the top. On the other hand modern management, facing pressures its predecessors never dreamed of, needs the assistance of secretaries whose education and training is of university level."

Strathclyde is still the only University to offer a degree course, although Professor Dunn thinks it significant that the Council for National Academic Awards has said it will consider degree courses with secretarial studies. Several Polytechnics already offer high-level secretarial courses, although without the BA degree.

Mary Dunn—Strathclyde's first woman professor

Miss Dunn firmly refutes the suggestion that "her" girls may emerge after graduation with too academic or too sheltered an outlook. "We place great emphasis on skills, and the whole of the third year of the course is devoted to purely secretarial studies. It's my constant fight in the university to quell the great cry for us to be more academic.

"There is a tendency these days to play down the skills. It's a form of intellectual snobbery, and certainly not in keeping with what employers want."

The course consists of 11 qualifying classes: subjects studied by the undergraduate include shorthand, typewriting and other business machines study and practice, business economics, administration, industrial relations, marketing and office organisation. There is also a post-graduate diploma course in secretarial studies.

After such formidable and lengthy training the Strathclyde graduate secretary expects adequate reward in terms both of job satisfaction and remuneration.

"We do tell our girls to remember that although they have their degree, they have very little working experience. They won't get their £3,000-a-year jobs right away, and they must be willing to listen and let experience speak for itself.

"But expectations *are* high. She expects to be given responsibility, to be treated as someone with analytical skills; she does not want to sit at a typewriter 75 per cent. of the time. And she must have an area where she is free to develop within the organisation. She is willing to do anything that comes her way, provided that at the heart of the job there is something she can call her own and use her talents and skills on. She is not just there to do as she is told."

Most of Professor Dunn's views on what constitutes the main qualities and demands of the high-powered Strathclyde graduate, also apply quite logically to any other senior secretary. She believes their contribution to the business world is the indispensable function of "increasing the 'productivity' of their executives, and therefore of their organisations."

Unlike many pundits on the secretarial scene to-day, Miss Dunn does not denigrate the job. She does not find it at all odd that young women with intelligence and ability *want* to take a University degree in secretarial studies.

"Some girls with women's lib ideas take the course with no intention, they say, of becoming 'just' a secretary, simply because it will get them in at the level they want. What they don't so readily appreciate early on is that the jobs they get are very exciting, challenging and rewarding."

Miss Dunn holds no brief for the opinion that inside every secretary there is a "junior executive" struggling to get out.

Having taken several years to complete their comprehensive secretarial training, many girls are not prepared to serve the long apprenticeship necessary to go into management. They want to be right in the thick of things straight away, and that's what they get with top-level secretarial jobs.

"The main challenge is to get the job of secretary upgraded to real professional status and granted a royal charter. This could take 10 years, but I am convinced it will happen. Fortunately, we have passed the time when girls were being derided for doing this work; secretaries are once again beginning to receive the kind of recognition they deserve."

EVE MACPHERSON

The end of the electric typewriter

BY ROY LEVINE

OFFICE EQUIPMENT technology is so rapid these days that it often seems difficult to keep pace with obsolescence. In the U.S., leader of the innovators, many large companies are appointing special office managers whose sole job is to keep an eye on the changing face of technology, so that expensive equipment bought today is not outdated to-morrow.

One of the most important developments forecast for the second half of the 1970s is the demise of the electric typewriter — yet in the U.K. the electric typewriter market is growing rapidly as many offices are replacing manuals. Almost all of the manuals made in the U.K. are for export while some £20m. is spent importing electrics mainly from the U.S. and Germany. Yet the trend in the U.S. is that word processing machines are replacing electrics—and it is normally only a matter of years before an American trend makes an impact in this country.

According to a survey* just published by Quantum Science Corporation, the market for office electric typewriters in the U.S. will peak in 1976 as the trend to text editing (or word processing) becomes more pronounced. By 1977, the annual sales of text editing equipment will exceed that of office electric typewriters.

Naturally, in spite of the steady decline predicted for the electric typewriter market, the machines will continue to be important — in 1978, the terminal date of Quantum's survey, the installed base of electrics will still be 12 times that of all text editing stations. Despite this difference in installed base, however, the amount of text prepared on text editing typewriters will be almost equal to that prepared on electrics, because of their greater utilisation and higher productivity.

One of the main reasons for the penetration of the electrics market is the increasing availability of cheaper text editing typewriters, starting from the IBM Memory Typewriter at around £3,183 downwards. "These devices," says Quantum, "will be primarily installed in secretarial editing stations rather than in word processing centres where greater editing capability would be required. They will also be used within the small office environment where higher priced units cannot be cost justified to-day."

The IBM Memory Typewriter—taking over from the electric.

The point is made that medium- and large-sized offices which account for less than 4 per cent. of U.S. offices will make up nearly two-thirds of the market in word processors and copiers by 1978. The large offices will be concentrating on forming the integrated office which is becoming more popular and is being supported by the developments in technology. Quantum points out that separate office products such as typewriters, copiers and telephones are presently used on a stand alone basis but that future trends will be towards multiproduct capabilities and automated systems where these separate functions are merged.

Over the period covered by the report (1973-78) the annual market for electrics is expected to grow by only 0.4 per cent. a year to $500m, while the text editing market is expected to grow at 18.6 per cent. a year to $700m.

Single text editors have been the mainstay of the text editing market and will continue to lead throughout the period. But overall there will be a shift in growth rates in favour of the keyboard display and shared processor systems. Annual growth rates approaching 100 per cent. a year are forecast for the CRT (Cathode Ray Tube) and shared processor systems against an overall growth rate of just under a fifth.

The main reason for the rapid shift to automatic preparation of texts is the search for machines that can help maintain or increase productivity in the office during a period when the number of clerical employees in the U.S. is expected to rise faster than the rise in total labour force. And their salaries will continue to increase rapidly. Presently secretarial salaries in say New York, average $8,750 a year, nearly twice the U.K. average and matched only in Europe by the German average of $7,700. Furthermore, American business spends an estimated $12bn. a year on the preparation of text, an activity which is virtually all labour intensive.

Only in Germany where IBM developed word processing, is there the same commitment by business to seeking better ways of producing texts. There, relatively high secretarial costs and the presence of a strong indigenous text processing typewriter industry generates the same keenness to create efficient typing.

According to an excellent study of the European market done by Mackintosh Consultants** the installed base of text processors in Germany was 22,600 units at the end of last year. By the end of 1979, the installed base will be worth an estimated 160,000 units, when there will be nearly 16 machines for every 1,000 office workers.

In the U.K., where the office population is forecast to grow from 8½m. people to 9.76m., there will be only 7 machines per thousand office workers.

The installed base in the U.K. at the end of last year is estimated at 9,700 machines, mainly paper-based. Unit volume is forecast to rise at no less than 50 per cent. a year, creating a base of nearly 70,000 mainly magnetic desk units by 1979. In value terms the market is expected to rise by 22 per cent. a year to $88m.

Most of these surveys were prepared before the harshness of the present economic recession began to show and in the light of current experience, with a virtually stagnant WP market in the U.K. in volume terms, the predictions could probably be downgraded.

But the point is driven home that office machine technology is fast changing and office managers must be on their toes.

**Word Processing — Keyboards to Copiers*, £195, obtainable from Input Two-Nine, 7, Banstead Road, Surrey [illegible] 3ER.

***The European Office Equipment Market 1974-1979*, obtainable from Mackintosh Consultants, 33, Bruton Street, London, W.1.

A measure of clerical efficiency

BY DAVID CHURCHILL

CLERICAL EFFICIENCY is probably one of the last frontiers available to cost-conscious managements. Not only is office bureaucracy increasing at an alarming rate, but also the cost and availability of office staff is prohibitive. Bernard Marks, chairman of the Alfred Marks Bureau, reports that secretarial and clerical staff are as scarce now as they were during the boom times of 1973.

Yet while most managers are well aware of the problem, they feel unable to cope with the situation. An executive will often be better able to plan a merger or launch a new product than he can effectively organise his secretary's time.

The benefits that can be gained from effective office management, however, can be substantial in both cost savings and sheer efficiency, and these are fully outlined in a new booklet* published by the Institute of Chartered Accountants in England and Wales.

It suggests that in many offices, staff time is only effectively used for about 50 per cent. of the time. In wage departments, for example, three days of intensive work preparing payrolls are balanced against two days of relative inactivity.

The booklet questions, however, whether the management is aware of situations such as these, and what would be the possibilities of bringing in extra work or lending staff to other departments on slack days. And if the total company staff increases, at what point is an extra wages clerk needed—and when will he become fully employed.

These, and many similar questions such as the true cost of typing a letter, can only be answered by measuring clerical work. This is practical, say the accountants, for about 50-80 per cent. of office work and the more repetitive the work, the easier it is to measure an dthe more accurate the results.

Mechanical work, which involves use of duplicators or photocopying machines and accounts for about 30 per cent. of total office work, is almost completely measurable. Creative work, however, is hard to measure but can be predicted or estimated.

Output identification

There are several ways of physically measuring clerical work, but the booklet suggests choosing output identification units (OIU) as a basis. These OIU's should be uniform for one department, easily counted, and the logical output of the department. Thus an OIU for a wages department could be "one wage packet" — perhaps counted by payroll lines — plus such subsidiary OIU's as a monthly tax summary.

Measurement can be carried out on a self-recording basis, or by batch counting or activity sampling to establish time taken. The more sophisticated the measurement required—such as multiple regression analysis—the more staff have to be trained or outside consultants called in.

But measurement by itself is of little intrinsic value. Its worth is only apparent if the results are used to set standards or targets which are then used to plan output, staffing levels, and monitor progress.

Arguably, objective measurement of standards should ensure that there are enough staff for the work as well as everyone having a satisfying full day's work. And there is the bonus for staff in that productivity deals can be negotiated, ensuring a fair rate for the job.

**Accountants Digest: Clerical Work Measurement*, published by the Institute of Chartered Accountants in England and Wales, price £1 25.

Telephone talk

ONE OF the most ambitious—and successful—examples of how the telephone can replace or augment face-to-face meetings will be described in detail next month at a major Teleconferencing seminar.

The Open University, which is organising the conference*, will describe how 25 groups, each of one teacher plus seven separately - located students using their home telephones, have been holding group tutorials on a multi-point conference system.

Audio-conferencing is one of the Post Office's *most* heavily criticised business services. The PO's recent promotion of teleconferencing has centred on Confravision, the visual service currently undergoing extended trials—and carrying tariffs which are considered prohibitive by some potential users. More basic, sound-only, systems have received little attention despite their much lower cost, partly because the PO's Marketing Department holds that demand *for* a non-visual service is limited.

The conference on July 18 in London will bring together communications experts and academics from a wide range of organisations.

*Conference details from: Mr. Ben Turok, RTS, Walton Hall, Open University, Milton Keynes, MK7 6AA. Tel.: 0908-74066. Conference fee: £5.

CHRISTOPHER LORENZ

OVERSEAS NEWS

Angolan leaders face uphill reconciliation task

BY JOHN WORRALL

NAKURU, June 22.

LEADERS OF Angola's three liberation movements, having agreed to stop violence and work together for unity, leave Kenya for home to-day facing the problem of how to implement the pact with their supporters.

The agreement was reached yesterday at Nakuru, and included pledges to free all prisoners and guarantee to each other the right to free political activity anywhere in the country.

They also agreed to disarm the civilian population and form a national army with a maximum of 30,000 men, close individual training camps, eliminate distinctive uniforms and insignia, and set a date in October for elections to be held before Angola becomes independent from Portugal on November 11.

The three leaders said in a communiqué that if difficulties arose another summit would be held in Angola.

At the end we were treated to the astonishing spectacle of these deadly political rivals Agostinho Neto, Holden Roberto and Jonsas Savimbi hugging and kissing each other in an emotional reconciliation scen. The veteran Jomo Kenyatta stood by beaming at what he had brought out of the Angolan hat and insisted on them shouting "harambee," the Swahili word for "pull together."

But sceptics wondered how long the euphoria will last. The optimists believe they have no option but to make it stick with independence on November 11th, an election in between, and the need to organise it all themselves with the virtual abdication of Portugal from all responsibility.

They decided to give more support to the transitional government now split by dissensions. They said the Government had "made laudable efforts to resolve the problems facing Angola but they admitted that they themselves and their followers had contributed to the Government's weakness by acting without its sanction or not giving it full support.

The leaders solemnly agreed to force militants to observe Government decisions, to collaborate positively with the Government. The liberation movements are to launch an immediate campaign to prepare the civilian population voluntarily to give up their arms.

The leaders admit, however, the extreme difficulty facing them over the elections which entail a census, a 20 days electoral campaign preceded by the promulgation of the electoral law and the fundamental law. The elections are to be held in October with the first meeting of the constituent assembly some time in November.

In the view of the worsening economic situation in Angola the leaders are to urge the transitional Government to speed up the clearing of the congested Luanda and Lobito harbours, honour commercial accords at the international level, impede strikes and salary demands, control inflation, stop diamond smuggling and ease communications to Luanda and other population centres.

A national commission for refugees is to bet set up to settle the thousands of Angolans returning from exile and reintegrate them into the economic life of the country. The Katangese ex-gendarmes who fled to Angola after the Congo war are to be disarmed and likewise the Zambians who came to join the Portuguese army. There is to be an immediate creation of an Angolan Foreign Affairs office by the transitional Government to solve Angola's pressing foreign affairs problems and promote its external policies.

Economy grinding to a halt

BY OUR OWN CORRESPONDENT

LUANDA, June 22.

WHATEVER THE outcome of the summit conference between the leaders of the three Angolan liberation movements in Kenya, it is becoming clear that the Angolan economy is rapidly being brought to a halt by strikes and the present wave of unrest.

Luanda is increasingly a city under siege. The port, which is crucial to all exports and imports for the industrial and coffee-growing north, has been hit by strikes for nearly a month. The port-hired dockers struck first in mid-May but as soon as they were awarded a back-dated increase the stevedores who are hired on contract and are responsible for the actual loading and unloading of ships struck in order to maintain their differentials.

The talk now is of the military stepping in to clear the huge backlog of ships that has accumulated in the harbour. Some cargo vessels have in fact now left Luanda without either discharging their loads or taking on new cargoes. One ship has waited over 90 days to off-load its cargo of Swedish wheat and another has waited empty for over a month to pick up a cargo of cement. While Luanda is critically short of sugar two boats containing 3.5 tons of sugar have been waiting for more than three weeks.

Even more important, the strike is affecting Angola's coffee exports. Angola is the third largest coffee exporter in the world, but of the 7,000 tons that should have been loaded in May only 1,400 were taken on board and even if the strike were to end to-morrow, no coffee would be loaded this month as no suitable vessel is available.

Besides the strike, importers and exporters have complained of a massive fall in productivity of dock workers. For the port of Luanda, productivity is down to 25 per cent. of what it was before Portugal's April 25 coup last year.

Besides the fall in productivity, another problem in the docks has been the reduction in working hours caused by the present unrest. Whereas stevedores could once be found to work three shifts around the clock the harbour now closes at 9 p.m. Dock workers have to travel back to the troubled townships that surround Luanda to comply with curfews. In addition, one shipper reported that during the present troubles he has been losing a far higher proportion of cargoes through theft and vandalism, although actual looting in the city itself has not occurred.

If the port situation is bad, road transport is in desperate straits. Luanda relies on trucks to bring in its food supplies and the coffee exporters bring their product to the dock-side warehouses by road.

Canadian pulp mills face strike

By Robert Gibbens

MONTREAL, June 22.

MAJOR PULP and paper companies in eastern, central and western Canada have announced shutdowns this summer as wage bargaining enters the critical period.

While most industry observers believe there is a strong possibility of a strike in the west, perhaps lasting as much as six weeks, some hope remains of a settlement in the east.

Inventories of newsprint and lumber products are high everywhere, though demand for some pulps remains good. Publishers have been stocking up newsprint for several months in expectation of strikes in the east and west.

The international unions (mainly in the west) and the Canadian Paperworkers Union (all-Canadian since last year) are asking for around 40 per cent. in a one-year contract. The unions usually chose a target for a strike, and then settle with the rest on the basis of the agreement which emerges from the test case.

The eastern newsprint companies, most of them full integrated forest products companies nowadays, are believed by some observers to be ready to grant pay rises of around 18-20 per cent. for one year, but no more.

Their trade group, the Canadian Pulp and Paper Association, has started a national advertising campaign claiming the average Canadian industry worker now earns \$6.07 an hour against \$5.25 in the U.S. If Canadian wages continue to rise at recent rates, the industry would become non-competitive and Canadian jobs would be lost.

Gun battle at barracks

By Robert Lindley

BUENOS AIRES, June 22.

A BATTLE involving automatic weapons, heavy arms and grenades raged for 10 minutes around an infantry regiment barracks near the centre of of the Argentine capital late last night. The gunfight, described by local residents as a full-scale battle, caused panic in the area, and news agency offices received telephone calls asking if war was breaking out.

The battle occurred around the barracks of the First Infantry regiment, known as the Patricios which also came under attack in a confused night-time exchange only 10 days ago. The barracks lie in a military zone which also includes the barracks of a Grenadier regiment, the headquarters of the First Army Corps and the capital's military hospital.

First reports said the Patricios regiment barracks had come under fire from nearby buildings.

Syria offers Kurds help against Iraq

BY GWYNNE ROBERTS

SYRIA HAS offered the Kurds support "in every respect" if they renew their rebellion in Northern Iraq against Baghdad, according to informed Middle East sources.

But Kurdish political leaders, now living in exile in Iran, are naturally distrustful of any offers of aid especially after their closest ally—the Shah—withdrew all military support so abruptly in March.

The first offer of Syrian aid to the Kurds was made in March but subsequently, the sources said, "the line has been kept open."

The Kurds are aware that supply lines from Syria into North Iraq would present severe logistical problems. The common Iraqi-Syrian frontier is heavily guarded by Iraqi troops and supplies could only be brought in at night by mule. Apart from military provisions, the offer was also believed to have included training facilities for the Kurdish Pesh Merga (Partisans) similar to those used within Iran before the collapse of the Kurdish rebellion.

But the Kurds clearly feel that with Kurds still held as political prisoners in Syria, no Syrian offer can be taken too seriously.

Another important consideration for the Kurdish leader, Gen. Mullah Mustafa Barzani, would be the position of 97,000 Kurds living in exile in Iran. The Shah would not look kindly on a resurgence of guerilla activities in Northern Iraq since this could easily undermine the Iraqi-Iranian accord signed this month under which the Iranians gain significant territorial concessions from neighbouring Iraq for withdrawing support for the Kurds.

Relations between Iraq and Syria have deteriorated markedly since March when Iraq charged that Syria was hoarding the water of the Euphrates River behind a dam being built in Northern Syria with Soviet aid. The Euphrates originates in Turkey and flows through Syria and Iraq to the Gulf. Damascus announced this month, however, it would provide Baghdad with the waters it needed.

Libya, incensed at the Baghdad-Tehran accord, is also known to be showing an active interest in Kurdish developments, although it is uncertain whether it has extended to an offer of active support.

Parties to be merged with ruling Aden front

By Michael Tingay

ADEN, June 22.

TWO OF the political parties of the People's Democratic Republic of Yeman will be incorporated into the leading National Frant political organisation later this year. This was announced by Mr. Abdul Fatah Ismail, secretary general of the NFPO, at a military parade and mass rally in Aden to-day to mark the sixth anniversary of the "corrective revolution" of June, 1969.

The two parties—the People's Vanguard Party, formerly Baathist, and the People's Democratic Union, South Yemen's Communist Party, will formally amalgamate with the NFPO at the next congress in September when the three parties will be known at the United National Front Political Organisation.

This marks a further consolidation of the national front and its effective political power in the country. To-day's anniversary commemorates the 1969 "corrective" clamp down on Qatan Al-Shabi's right wing by the progressive wing of the National Front.

FRENCH BROKER IS BANNED

By Rupert Cornwell

A FRENCH stockbroker has been banned fromt he profession by order of the Finance Ministry, in what is believed to be the first such case since the end of the last war.

The alleged offence of the broker, M. Jean Varangot, was to have made himself by adroit juggling of his books the owner of eligible bonds of the gold-linked 1973 "Giscard" issue, the most heavily traded security on the Paris Bourse.

Portuguese parties pleased at firm stand by military

BY JANE BERGEROL

LISBON, June 22.

POLITICIANS from all major parties have greeted the Armed Forces Movement's week-end "political plan of action" as the most important revolutionary manifesto since the AFM's original programme of April 25, 1974. They say it carries Portugal's revolution forward along the democratic lines promised from the start.

The Supreme Revolutionary Council's eight day debate ended by defining roles for the political parties which reflect the current power balance between the civilians and the military, and mantain both the fourth coalition Government and the new Constituent Assembly, along the lines of the pact signed between the AFM and the parties before the April elections.

While this represents no substantive change it does represent a defeat for the "anti-party" officers who tried to kick the parties out of Government.

It has also encouraged the concept of popular organisations linked with local government and directly to the AFM itself, thus accepting part of the "anti-party" officers' thesis that the parties alone are not adequate vehicles for popular participation in the revolution.

Tackling Portugal's crisis of authority, the supreme council has stated it will take firm measures to ensure that laws are respected while it has decided to end indiscipline in the armed forces by banning political organisations within barracks.

In principle, at least, it has put a stop to extreme Leftists' efforts to establish soldiers', sailors' and airmen's councils to which part of the breakdown in military discipline has been widely attributed.

Although Copcon security forces are not explicitly mentioned, this is a severe setback for Copcon extreme left ideologues and in particular for their commanding officer, General Otelo Saraiva de Carvalho.

The Armed Forces Movement has also taken a firm line against the extreme left and will outlaw armed brigades under a new law, to be published soon.

The economy gets lengthy treatment in the plan. But, while the council details Portugal's current economic crisis—which is expected to double the balance of payments deficit to around £530m. and cause a fall in national income of 6 per cent. this year—concrete measures to deal with the situation are limited to administrative reform, decentralisation, and the intention to introduced wage and price controls, plus an appeal for austerity from consumers. A new three-year economic plan is on the stocks but how far that will get remains to be seen.

Finally the media are to be guaranteed freedom of expression but at the same time, two daily newspapers, the radio and television are to be used as propaganda vehicles for AFM thinking.

There is something in the document for everyone—from the extreme left to the right of the political spectrum. It embodies certain fundamental contradictions which the military are somehow hoping will synthesise into "Portugal's way to Socialism," by marrying political parties to a revolutionary mass movement, state control of industry to workers' control, freedom of the press to state propaganda.

Ford 'failed to talk Syria into accepting interim accord'

BY IHSAN HIJAZI

BEIRUT, June 22.

ARAB DIPLOMATIC circles report that the last round of talks in the U.S.'s reassessment of its Middle East policies have ended in disagreement with President Ford failing to convince Syria's Foreign Minister of the need for an interim agreement between Israel and Egypt in Sinai.

Both President Ford and Dr. Henry Kissinger, the Secretary of State, apparently tried to persuade Mr. Khaddam to agree to such a settlement even if it was not necessarily linked to another in the Golan Heights. Mr. Khaddam, predictably refused to acept a proposition which the Egyptians themselves have repeatedly said they would refuse to accept.

The sources said that Mr. Khaddam, explaining the Syrian position, not only insisted that moves at a settlement should take place simultaneously on all Arab fronts with Israel but that a time-table should be drawn up soon for an all-embracing solution based on Israeli withdrawal from Arab territory occupied in 1967 and re-establishment of the national rights of the Palestinian people.

Arab observers, always suspicious of Israeli intentions, have expressed the belief the map drawn up by the Israeli Labour party of the future Israeli borders contributed to rendering the Syrian-American talks a failure. The map was released on the eve of Khaddam's talks in Washington.

President Anwar Sadat, meanwhile, has indicated in a new interview published here to-day that Egypt would be ready to recognise the State of Israel on basis of Security Council resolution number 242, and urged the Arabs to realise that both the Soviet Union and the U.S. would not allow the elimination of the Jewish state and said that the Palestinians did not have to accept the resolution.

UPI reports that the Palestine Liberation Organisation (PLO) believed American peace efforts in the Middle East were bound to fail and that Israel would trigger a fifth war in the region, a PLO leader said Sunday.

JERUSALEM: Israel has offered Egypt a corridor between the main point of a second Israeli troop withdrawal in the Sinai desert and the Abu Rudeis oil field, a government official said Sunday.

Louis Fares in Damascus reports: Diplomatic sources said here that the Libyan Premier, Major Abdul-Salam Jalloud, has suggested that Syria, Iraq and the P.L.O. unify their military positions and set up a combined military front against Israel.

Some reports suggest Libya has pledged \$3bn. to fund such a joint command.

Maj. Jalloud also proposed a combined rejection by both Iraq and Syria of all peaceful settlements offered for the Middle East.

As an inducement Maj. Jalloud brought about a cessation of the fierce press campaign between Syria and Iraq over the sharing of the waters of the Euphrates river.

Iran poll produces new faces

By Robert Graham, Middle East Correspondent

TEHRAN, June 22.

IRANIANS, voting for the first time under their new single party system, have elected a substantial number of fresh faces to Parliament. Preliminary estimates suggest that as much as 80 per cent. of those elected to the 268 seat Majlis (lower house) are new members.

The voting, which took place on Friday, also involved the election of 30 Senators to Senate. Another 30 Senators are appointed directly by the Shah.

This influx of new blood into Parliament has been widely anticipated and only a small proportion of the incumbents faced opponents. It seems that one of the aims behind the Shah's disbanding of the old two-party system in March and the establishment of the Rastakhiz (National Resurgence) Party was to achieve precisely such a shake-up in parliamentary representation. More women, more representatives of the professional and workers' guild have been returned this time.

The campaign itself was low-key with a few candidates dwelling on national issues and concentrating instead more on their own qualifications.

The government has been at pains to deny that pressure has been exerted on voters to register as party members and vote. However, the fact that such rumours have been circulating probably influenced some votes. It also seems, albeit on a limited scale, that the elections have been used by the government's opponents as an excuse to protest. This was the case in a religious college at Qom where there were violent demonstrations ten days ago.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● QUALITY CONTROL

Test market to grow rapidly

MARKETS for commercial automatic test equipment (ATE) are expected to grow at an average annual rate of 12.4 per cent. with sales reaching $383m. in 1980 from $190.4m. in 1974. The growing exploitation of electronics by the industrial community and the demand for reliability are the primary reasons for this market growth.

These are the conclusions of a multiclient study recently completed by Creative Strategies. The California based market research firm has published its findings in a four-volume, 518-page report.

Initiated in April, 1974 the objective of CSI's investigation was to define both present and future ATE markets to 1980 for testing components, subsystems and systems. The first volume of the study is a review of the entire industry. The second, third and fourth volumes deal with the ATE markets for components, subsystems and systems.

CSI reports that the market for automatic test equipment for U.S.-based manufacturers (excluding the military custom systems and the in-house built markets) has grown from $59.1m. in 1969 to $190.4m. in 1974. The 1974 military custom system market is estimated by CSI analysts at $500m. and the "in-house-built" market at $350m.

Shipments of ATE units used for component, subsystem and system testing were $106.9m., $64.5m. and $19.0m. respectively. CSI expects the subsystem sector to offer ATE manufacturers the best market opportunities with shipments reaching $191m. in 1980. The component and system markets are forecast to have shipments of $150m. and $42m. respectively in 1980.

This massive growth is easy to accept once it has been understood that users are becoming much more aware of what guarantees to customers entail.

The research firm estimates that 13,700 ATE units were shipped by U.S. manufacturers during 1974 but approximates the installed base at year-end 1974 at 26,000 units or twice the number of shipments. This difference is due to the large number of systems built in-house.

The overall growth rate for ATE has been affected recently by a depressed economy. The slowdown in the production of components has lowered the sales of component testers and has consequently reduced the overal ATE growth rate through 1980. Economic conditions and other factors influencing the growth of ATE, including the change to electronic control, the need to replace obsolete equipment and the trend toward purchased versus in-house ATE, are examined in detail. It is also true that some manufacturers appear to be relying on users to do the latter's homework.

The competitors in the ATE market number more than 50 but only 11 of these companies had sales greater than $5m. in 1974. The combined revenues of four of these companies—Teradyne, Fairchild, Macrodata and General Radio—totalled $89m. or 47 per cent. of the 1974 commercial ATE market. CSI expects competition in this market to intensify as ATE manufacturers face a growing number of financial, marketing and recognition problems in addition to those of basic test technology and equipment expertise.

CSI's study notes that major ATE manufacturers are broadening their product lines within each category, and they are also entering new testing technologies. However, at present only four companies, John Fluke, Hewlett-Packard, General Radio and Teradyne—effectively compete in more than one area of the ATE market.

Further details from Creative Strategies, Incorporated, 4340 Stevens Creek Boulevard—Suite 275, San Jose, California 95129 U.S.

● PROCESSING

Revolving chains to clean flues

USING existing methods of manual, mechanical and automated methods of cleaning chimney stacks in the power, processing, steel and other industries, usually means lengthy shutdowns and high cost.

For example, hand brushing needs considerable manpower and a shutdown of seven to 10 days, while high volume pressurised water washing can produce, acids, sludge and aggravate chimney weaknesses. This sometimes results in the neglect of chimney cleaning—leading to a shorter working life for the flue and an increase in pollution.

In conjunction with the Central Electricity Generating Board, Jordan Engineering (Bristol), Yate, Bristol, BS17 5JW (0454 315 252), has developed a mechanical chimney sweep which can clean the average stack in a matter of hours, and usually within a shutdown time of less than two days.

Known as the "Rotaflail," it has 12 chain flails mounted on a circular frame. This is rotated by compressed air motors, and winched down inside the chimney. Stability is maintained by a tripod with adjustable legs, to which rubber tyred guiding wheels are fixed. As they revolve at 30 rpm the chains remove the deposits from the chimney wall. The machine will deal with tapered chimneys, and the standard version can cope with chimney diameters from 15 to 30 feet.

Other equipment required is a winch, usually sited at the base of the chimney, to lower the device from a beam across the top of the chimney, and an air compressor to deliver 138 cfm at 85 psi to drive the three air motors which revolve the flails.

The motors were supplied by Atlas Copco (G.B.), P.O. Box 79, Swallowdale Lane, Hemel Hempstead, Herts., HP2 7HA (0442 61201).

● INSTRUMENTS

Temperature control

MANY KINDS of small fluid tank or container can be turned into a thermostatic bath using clip-on units offered by Grant Instruments (Cambridge), Barrington, Cambridge CB2 5QZ (0763 60811).

Model SU5 has a liquid expansion thermostat which provides control to within ±0.5 degrees C between ambient and 95 degrees C. The heater is automatically switched off if the level of the liquid in the tank falls.

A second version, SU6 uses an electronic thermistor control system which gives temperature control to within ±0.05 degrees C up to 60 degrees C, and ±0.1 degrees C up to 95 degrees C in tanks exceeding 10 litres. A heater protector is fitted to prevent damage if the level drops.

Both units have a propeller stirrer and pump for distribution of the liquid to other locations; maximum pump head is 1.65 m and maximum flow rate 11 litres/min. Temperature setting is by a recessed calibrated dial, with operating instructions printed on the case. The heaters are rated at 750 W, 230 V ac.

Counting to five digits

PREDETERMINED counting up to five digits using a clear display on seven-segment light emitting diodes can be carried out on a range of Sodeco counters marketed in the U.K. by Landis and Gyr, Freepost, London W3 6BR (01-992 5311).

Called the type KE, the units can count impulses up or down at speeds up to 1 MHz. The input for the counting pulses can be adjusted to operate between five and 48 V dc. Predetermining is by means of push buttons and when the counted number equals the preset, one operation of a relay, power transistor or TTL circuit can be effected. The user can adapt the counter to a wide range of applications without modification.

The units have a CMOS memory and in the event of a power failure this is supplied from a battery.

● TEXTILES

Graphs of tension

DEVELOPED BY Kirby Lester Electronics in conjunction with Marks and Spencer is the TA7 thread tension analyser designed to measure dynamically thread or yarn tensions on any reciprocating machine, notably sewing machines.

Measurement is by resistive strain gauge transducer arranged in the path of the moving thread so that tension is sensed as a side thrust, with suitable path displacement. The sensor has a frequency response to 15 kHz, is only 16 mm wide and weighs 150 grms. It is connected to an appropriately calibrated oscilloscope unit and the waveform shown in the tension variation per stitch cycle.

The maker claims that the unit can improve product quality mainly by making sure that the right thread is chosen for the job in hand, and then ensuring that the optimum tension setting is achieved. Using a camera on the screen face, "best setting" pictures can be taken and used as a reference for similar machines doing the same job in the same building or perhaps at a satellite factory.

In correcting machine faults the analyser is expected to encourage mechanics to seek the problem itself rather than just "adjusting away" the symptoms.

In addition, says the maker, sewing machine faults are not always apparent from visual examination of the seam so that the analyser should provide protection against product failure in service. Thread consistency during sewing can also be monitored by the unit—the main tension peak should remain constant.

Further information on the analyser, which costs £925 ex VAT can be obtained from Kirby Lester Electronics at Waddington Street, Oldham, LO9 6QQ (061 620 1421).

● COMMUNICATIONS

University offers mini-radar

BARITT silicon diode is a new solid-state microwave source which operates at moderate power (100 mW) and low-noise (10 dB) levels. Invented at Birmingham University it is well suited to low-cost large-scale production and offers practical prospects for opening up microwave frequences for broadcasting and communications purposes.

High sensitivity and high gain of the diode has been demonstrated with a simple doppler radar designed and constructed at the University for use as an intruder alarm. It uses one diode only for the several functions of transmitting, receiving, mixing and amplifying and represents the most sensitive and reliable installation of this kind which is presently available, the inventors assert.

Professor H. A. Prime, Department of Electronic and Electrical Engineering, University of Birmingham, POB 363, Birmingham B15 2TT. 021 472 1301.

Phone calls in an emergency

THE EXPENSE of private leased lines normally required for central station security systems can be obviated using the Telesitter 2974 transmission system put on the market by ADT Security Systems, 26, Old Bailey, London EC4M 7HL (01-248 4262).

Each protected building is equipped with a transmitter which will detect alarms on four separate circuits each of which could be for fire, burglary, intrusion, etc. and each input, even if momentary, latches when an alarm occurs and keys the transmitter connected to the subscriber's telephone line.

The unit goes on line, waits for dialling tone, and dials the number of the central station receiver. The service is not limited by distance or location because the transmitter can be programmed to dial area codes.

On receipt of a call the receiver answers with a reply tone confirming the circuit and the transmitter relays its message consisting of a digital identification code and alarm status. The receiver prints this out together with date and time. Any kind of trouble on the line results in redialling until a connection is made.

● STORAGE

Bulk store containers

OCTAGONAL BINS designed for intermediate bulk storage have been introduced by Tri-Wall Containers, 1, Mount Street, London WY1 5AA (01-493 4311).

Known as "King Pak," the first in the range is undergoing field trials with a pharmaceutical company using the packs for intermediate storage of chemicals.

Constructed in a uniform octagon, the container has a diameter of 1,075 mm and is available in any height up to 2,108 mm. It can hold produce weighing over 1,000 kg, and may be used with a two-way entry, flush deck, timber pallet, to which the base can be stapled. A water resistant top cap can be included.

Made from heavy duty triple fluted fibreboard, the packs are lighter, more durable, and less expensive than traditional bins made from reinforced pvc, says the company. They are supplied flat, are easy to assemble and knockdown without tools, and can be stacked. A polyethylene liner is available for fine powders and to prevent cross-contamination.

● COMPONENTS

Shaft speed pick-off

WHERE AN electrical signal is needed proportional to the speed of a shaft, magnetic pick-off units offered by Orbit Controls should prove useful. The transducers require no power, have no moving parts or wear, are robust and can work at high temperatures in extreme environments.

Made simply from a coil wound round the pole piece of a magnet, the pick-off is mounted with the pole piece close to the teeth of a gear wheel: the flux varies as each tooth passes, giving an output frequency equal to the product of the revolutions per second and the number of teeth on the wheel.

Voltage outputs of between one and 30 volts are obtained, depending on peripheral speed, air gap and type, so that the units can directly actuate electronic counters, tachometers and underspeed overspeed alarms.

Two basic body sizes are available, with metric or imperial threads, between 0.375 and 1.0 inch. The company is at Lansdown Industrial Estate, Cheltenham, Glos. GL51 8PL (0242 26608).

● MATERIALS

Indicates water

WATER IN the bottoms of fuel storage tanks can cause galvanic and acidic corrosion, possibly leading to expensive leaks. What is stated to be an inexpensive, quick and simple method of water detection has been developed by Shell Chemicals U.K.

Called water finding paste, it can be used with a wide range of petroleum products. It is applied in a thin film to the dip stick and inserted in the tank. When the dip stick is withdrawn the presence and level of water is indicated by a change in colour of the paste from green to lavender where it has been in contact with the water.

It has been agreed that the paste will be made and marketed by Trade Fillers, Fieldhouse Lane, Marlow, Bucks., SL7 1LS (062 84 6644)—a Fosroc International Company.

● POWER

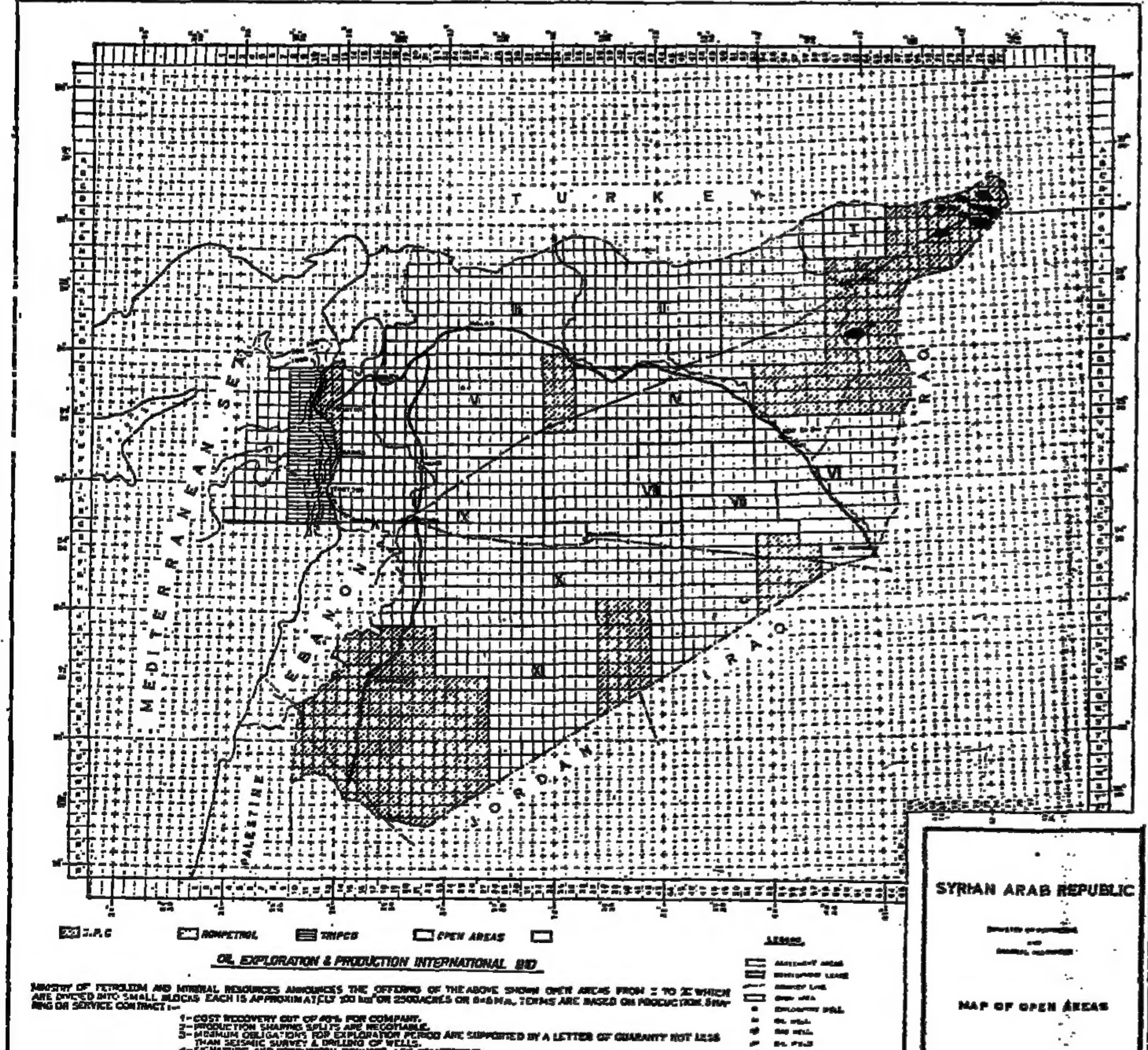
Fuel cells in submarines

ELECTRICAL power produced by a device similar to those that helped put astronauts on the moon will propel a deep-diving U.S. Navy craft designed to rescue submarine crews from the ocean floor.

Power will be produced by a pair of 30-kilowatt fuel cell power-plants that consume gaseous hydrogen and oxygen, producing water as a by-product. Cells of this kind provided power to Apollo spacecraft.

Lockheed Missiles and Space Co., of Sunnyvale, California, has begun work on the two-year £1.25m. task of designing and building an eight foot long, eight foot diameter substitute hull section for the submersible, the Deep Submergence Rescue Vehicle (DSRV), to house the fuel cell power-plants and tanks. United Technologies Power Systems Division of East Hartford, Connecticut, is supplying these under a separate contract.

CONTRACTS AND TENDERS



NOTICE FOR TENDER NO. 11/1975

TYRE FACTORY, TAGURA AREA, LIBYAN ARAB REPUBLIC

1. The General National Organization for the Industrialisation invites International and first class local contractors to participate in the above tender, namely the Execution of work for a Tyre Project at Kilometer 17 Tagura Area, and which comprises the following:
   a. Site Levelling works
   To include excavation, filling and compaction work in accordance with the conditions indicated in the tender documents.
   b. Structural and masonry works comprises the following:
   I. Production hall with a total surface area of 47,712m². This includes a metal frame on a part of which the building for the mixer and the mills shall be constructed to a surface area of about 8,640m², and three storeys of concrete ceilings borne on metal structure.
   II. Industrial services building on a total surface area of about 1,550m², the ceilings shall be iron truss borne on concrete frame.
   III. General services building on a total surface area of 7,000m² of a concrete frame. The project shall be established on a surface area of 300,000m².
2. All works shall be according to the specifications and drawings attached to tender documents. Tender documents are obtainable from supplies department of the General National Organization for Industrialisation against payment of L.D. 500.- (five hundred Libyan Dinars). The contractor may apply for an extra copy of the documents against payment of L.D. 300.- (three hundred Libyan Dinars) both not to be reimbursed.
3. Tenders should be submitted in the name of G.N.O.I. not later than 12 noon on 13.8.75 which is the date of submitting the tenders. The opening of the tenders will take place at ten o'clock on 14.8.75.
4. Tenders must be accompanied with a provisional guarantee deposit of L.D. 100,000.- (one hundred thousand Libyan Dinars) in the form of either:
   aa. Letter of guarantee issued by a first class Libyan Bank, and valid for 3 (three) months from 14.8.75.
   bb. A cheque acceptable to Libyan Bank.
5. Tenders submitted after the date and time as specified, or those not accompanied by the provisional guarantee deposit, will not be considered.
6. All foreign companies are requested to accompany their offer by a letter stating their financial and commercial status authenticated by the chamber of commerce and duly legalized by the L.A.R. competent consular service. If any false information is given the Organisation will cancel the offer and liquidate paid bond.

The General National Organization for Industrialisation,
P.O. Box 4388,
Tripoli,
L.A.R.
(Cable Address—TASNIALIBYA) El-Sheref/Fahmy

PLANT & MACHINERY SALES

Description	Price	Telephone
Continuous mixing plants by Gardner with pneumatic weigher by Darenth. Feed screw conveyors. Output up to 25 tonnes per hour. Consol controlled by single operator. New 1971	P.O.A.	06284 71555 Telex: 923969
Plastic or rubber Vickers Transfermix E150, new 1971, complete with 250hp Thyristor drives (4 off)	£15,000 each	06284 71555 Telex: 923969
N.C. Flexowriters for Punching N.C. Programme Tapes—Rebuilt with 2 year Guarantee—Save up to 50%	Prices from £895-£1,350	Dudley (0384) 57453
Fork Lifts, Fully Renewed, large selection, 6 months warranty	P.O.A.	01-572 3451
Purchase and Sale of Reconditioned Rolling Mills, Wire Drawing Plants, Levelling, Slitting and Coil Processing Equipment	P.O.A.	021-556 0904
Dunford and Elliott Rotary Louvre Dryer 47" dia. X 14'	£1,500	01-253 6000
Wiedemann Turret Punch Press S.1528 GEC Century Control Unit 15 tons capacity 1971.	£14,006 +VAT	01-606 7051 Ext. 8
Ravensburg Face Plate Lathe Model P20-BZ3	P.O.A.	061-339 3221
Herbert De Vlieg Spiramatic Jigmill, Boring, Drilling and Milling m/c Series 43H/48 with Datatrol Mark III Numeric Control System. 1967. Immaculate condition	£36,000 +VAT	01-228 6555
Clearing Type F/2700/168, Single Action. Two Point Suspension 700 Tons Power Press	£50,000 +VAT	01-228 6555
Clearing Type F/4700/168, Single Action, Four Point Suspension 700 Tons Power Presses.	£65,000 +VAT	01-228 6555
Liebherr Tower Crane 190C/SH IRO 932. 1971. Height 82.5m. Free standing. Radius 50m. Capacity 3½ tons at max. radius. 10 tons at 17m.	£30,000 +VAT	051-525 4841
Electron Microscope. Siemens Elmiskop 1.	Offers	0423 67265
Putzknecht Type 548 Plastering Machine. Slightly used.	Complete £750	0384 69113
Wadkin SCD 50m N.C. Miller with Flexowriter. Unused.	£19,790 +VAT	061-633 2357
Gildemeister 6 sp Par Auto Cap. 32mm. Model AS32 1965. Excellent.	£26,000 +VAT	0234 740542
Butler NC.550 Low Cost Numerically Controlled Lathe 40" centres and Cincinnati 228D Point to Point Control.	£17,875 +VAT	Halifax 61641
Hyfrac Conveyor System. 11,000 fc. 500 trolleys. One year old.	Complete £40,000	041-552 4955

IF YOU HAVE PLANT AND MACHINERY SURPLUS TO YOUR REQUIREMENTS AND WOULD LIKE TO ADVERTISE IN THIS COLUMN PLEASE TELEPHONE MR. FRANCIS PHILLIPS ON 01-236 0106.

A. G. McKEE & CO.

on behalf of

YACIMIENTOS PETROLIFEROS FISCALES BOLIVIANOS

INTERNATIONAL PUBLIC LICITATION NO. 2

PURPOSE: Supply of air-cooled heat exchangers for a refinery at Cochabamba, Republic of Bolivia.

BID BOND: 5% of the amount of the bid.

INQUIRIES AND DOCUMENTATION. Inquiries may be made and specifications and bidding conditions may be secured at the office of "A. G. McKEE & CO.," Hipolito Yrigoyen 440, 8th floor, Buenos Aires, Argentina.

PRICE OF SPECIFICATIONS AND BIDDING CONDITIONS: U.S. $50.00 or its equivalent.

OPENING OF THE BIDS: On August 9, 1975 at the afore-mentioned offices, at 11.00 a.m. The bids will be received until that date and time.

VALIDITY OF OFFERING: Thirty days following bid opening date.

FINANCING: By the BANCO INTERAMERICANO DE DESARROLLO (INTERAMERICAN DEVELOPMENT BANK), in accordance with Contract No. 225/OC-BO with the Government of the Republic of Bolivia.

RE-INVITATION TO PREQUALIFY

Contractors who wish to participate in the bids for construction of (1) Nekempti-Arjo-Bedele and (2) Soddo-Bulki Feeder Roads to be constructed under the Ethiopian Sixth Highway Programme have been invited to submit prequalification information prior to May 31, 1975. As previously indicated, these projects are to be financed by the International Development Association.

This is to notify that the submission date for the required information has been extended up to July 15, 1975. Prequalification Questionnaire form may be obtained from Contract Construction Division, Ethiopian Highway Authority, P.O. Box 1770, Addis Ababa—ETHIOPIA.

INVITATION TO TENDER

TENDER NO. 55/B/1/75

SHARJAH — RAS AL KHAIMAH (SECOND CARRIAGEWAY)

The Ministry of Public Works invites suitably experienced contractors to tender for the construction of the Sharjah-Ras Al Khaimah second carriageway.

Tender documents may be obtained from the Ministry's offices in Abu Dhabi with effect from Saturday 14.6.75 against a non-refundable fee of DH.5,000 (dirhams five thousand only).

Completed tender should be accompanied by a tender bank guarantee valid for 90 days for the sum of DH.1,000,000. The successful tenderer will be required to provide a 10 per cent. performance bond valid for the contract period.

Completed tenders should be submitted in three copies (original and two copies, duly signed and stamped by the contractors) together with all the tender documents and drawings, including the required tender bank guarantee. These should reach the Ministry within sealed envelopes displaying the subject and number of the tender on the front of the envelope, not later than 6 p.m. Sunday 3.8.75, and addressed to:

The Ministry of Planning,
Permanent Projects Committee,
Abu Dhabi,
(Behind Al Khubarah Building No. 13).

Tenders arriving after this time and date will be rejected.
The Ministry is not bound to accept the lowest tenders.
This invitation must be read as part of the tender document.

Hamdan Bin Mohammed Al Nahyan,
Minister of Public Works,
United Arab Emirates.

Building and Civil Engineering

£17m. homes schemes

CONTRACTS totalling £17m. have been awarded in connection with big housing schemes in the Midlands.

Two companies are involved in four of the contracts—Selleck Nicholls Williams (ECC) and Sir Alfred McAlpine—and two contracts are for the City of Birmingham, one for 340 dwellings at Hawkesley (£3.6m.) and one for 397 dwellings at Monyhull (£4m.).

The other two contracts have been awarded by Telford Development Corporation and involve 244 dwellings at Hollinswood (£2.6m.) and 240 dwellings at North West Dawley (£2.5m.).

For all these contracts Selleck Nicholls Williams' MeTraTim timber frame system will be used and it will also be used by Fram Gerrard which has been awarded a £4m. contract to build 501 houses for Runcorn Development Corporation.

Fairclough wins £6m. contracts

CONTRACTS totalling more than £6.1m. have been awarded to Leonard Fairclough.

Fram Gerrard, the company's North Western Building Division has orders for major housing contracts for the Runcorn Development Corporation and the City of Salford together with a housing rehabilitation contract for the City of Liverpool amounting in all to £5.2m.

In addition contracts have been awarded for two advance factories at Bromborough, Cheshire, for the English Industrial Estates Corporation worth £334,000, and for work for Tesco at Manchester and Ashton-under-Lyne amounting to £649,000.

£2½m. radio station in Qatar

WHITE Young and Partners have been appointed by International Broadcasting Consultants of Hong Kong to act as consulting structural engineers for a new radio station at Doha, Qatar.

This will consist of a reinforced concrete frame five storey office block, three sound studios (one with an auditorium for 220 people), a covered car park, service block and ancillary buildings, and is being developed for the Ministry of Information in Qatar. Anticipated cost is about £2.5m. Architects are Designers Co-Partnership.

White, Young and Partners has opened an office in Doha where it is also engaged on a large municipal housing project for which the architects are Llewellyn-Davies, Weeks, Forestier-Walker and Bor.

ICI move on foam front

IN A LETTER last week to all local authorities in England and Wales, ICI Insulation Service advised chief executives and building control officers of the likely increase in applications by home owners for cavity wall insulation, as a result of heavy advertising both by Government and by ICI.

To ease the workload on the local authorities and avoid a bottleneck, ICI is asking each authority if it will accept, as the method of assessing applications, a simplified form designed by ICI, based on discussions with building control officers.

The letter has gone to over 350 local authorities, and gives advance notice of two advertising campaigns: the new phase of the Department of Energy's "Save It" campaign, which begins this week on TV and in the press and promotes home insulation, including cavity wall insulation; and ICI's own TV commercials for "Ufoam Plus" which will appear at the same time and begin a summer-long campaign. From previous experience, demand is likely to be heavy.

Recently, there has been a lot of concern in the insulation industry at the amount and type of information demanded by some local authorities, and the delays in processing applications—sometimes as much as four months.

The Department of the Environment in its recent letter of guidance, recommended that in most cases the building regulation C9 be waived in favour of cavity wall insulation but suggested a number of considerations. It is the system of examining these considerations that needs simplifying and standardising, in ICI's view.

The company had withheld comment as it strongly supports the need to ensure that high standards are maintained. It was also appreciated that the situation would take some months to be resolved and a routine be established.

The form that ICI has now produced, and which has to be completed and submitted by ICI on behalf of the home owner, is a single sheet but provides all the necessary information to allow the building control officer to maintain control and standards.

Saves power in large buildings

NRG 1 PROGRAM available from the Telcomp Services Division of Time Sharing can help to cut the cost of heating almost any building. It evaluates how efficiently energy is being used, indicates the savings possible by alterations and economies, and calculates the financial benefits achieved.

Operated from a terminal in the user's office and communicating with the TSL computers over an ordinary telephone line, it has been designed for use in plain English. The computer prompts the operator at each question. The power of the system allows it to complete a detailed calculation which might well occupy an experienced engineer for two days in about half an hour.

Statistics of the type of fuel used, its cost and consumption, the hours that heating, lighting and plant are in operation, and the number of people in the building are typed in over the terminal. The system then calculates and prints out the total heat generated from various sources, compares this with the officially recommended levels, and lists practical reductions in levels and the savings which could be achieved.

TSL, 179-193, Great Portland Street, London W1N 5TB.

Cutting a sample from a high alumina cement concrete beam at the Building Research Establishment's laboratories so that tests of the strength of the material may be carried out. After the collapse of two high alumina cement concrete beams at a school in Stepney, London last year, the Establishment embarked on an urgent research programme and published a report last April.

Fitting out the shops

TWO MAJOR contracts with a combined value of £1.5m. have been awarded to Sir Robert McAlpine and Sons for the completion of retail units.

One at the Irvine New Town Centre, Scotland, is for House of Fraser (Northern) Management, where sales floors, canteen and plant room are to occupy 6,750 square metres of floor space on two levels with escalator connections.

The second and larger contract valued at almost £1m. is for Boots at the Eldon Square Development, Newcastle-upon-Tyne. Three levels of retail premises in the north block, covering 7,027 square metres of air-conditioned floor space, are to be fully equipped and will be served by four lifts and four escalators.

Sea defence scheme at Wallasey

THE SECOND phase of reconstruction of the sea defences at Wallasey, near Liverpool, has begun. Wirral Borough Council in association with the North West Water Authority, has awarded a £1.8m. contract to the Dredging and Construction Company of King's Lynn, Norfolk, to reconstruct in part a 1.325 km length of the "Wallasey Embankment."

The wall, originally constructed in 1829, protects six square miles of hinterland from flooding.

The height of the new embankment is being raised to eliminate serious "overtopping" during storms and relieve the surface water drainage system.

The works involve the construction of a steel piled toe with an in situ concrete apron and precast concrete toe beam over the whole 1.325 km length, together with the removal of about 40,000 square metres of deteriorated facing.

Also included is the construction of an access road for maintenance vehicles along the crest with a wave return wall to landward. Most of the new work is below high water level so that a high proportion is tidal in nature.

The contractor expects the scheme to be complete within two years, the work being concentrated into the two summer periods. Consulting engineers for the scheme are Scott Wilson Kirkpatrick and Partners.

Domestic plumbing study

FOLLOWING laboratory investigation of various types of domestic plumbing systems used overseas, the Building Services Research and Information Association has been awarded a contract by the Building Research Establishment for further study of eight of the systems under conditions of actual use.

The Bracknell Development Corporation has agreed to the installation of the systems in 26 houses being built in Birch Hill.

The contract will earn BSRIA more than £70,000 over a three-year period.

It includes planning and study of the installation methods as well as the operation and performance of the systems. Instrumentation in each house will be connected by land lines to a central monitoring station.

Systems based on British, European, South African and American practice will be studied, including pressurised and gravity systems for both cold water and domestic hot water supply.

Improved structural components

NIPPON KOKAN has developed a parallel steel flange channel (PFC) for use in fabricating hollow square columns (increasingly used as structural members) and for applications such as beams and braces. They will be produced at Fukuyama Works by a Kaliber rolling mill.

Ratio of web height to flange width is about 3 : 1, and of web to flange thickness 1 : 1.5. The flanges have flush ends, with no taper and no fin at the outside corners where web and flanges meet.

When square columns are fabricated the points at which beams are to be attached are usually reinforced with diaphragms. A characteristic of the new channels is that when two units are used to form a column, there is a longitudinal gap between the units. This simplifies welding the diaphragms in place, and their subsequent testing.

Ease of construction means that the columns can be made by small-scale manufacturers, says the company, instead of by the channel maker.

Because PFC channels have no internal taper, and have flush ends, they can be bolted together to make a snug joint, instead of using site welding. The lack of taper improves the sectional properties and the bending strength.

Sectional properties required to meet varying design stresses can be obtained by changing the width of the gap when fabricating columns, and by varying the thickness of the gap cover plates.

It is claimed that for given dimensions of web and flange width, PFC has a smaller sectional area, weighs less and has a higher elastic modulus than a similar conventional channel.

Marketing is scheduled to begin in the autumn. The first units will have a web of 300mm and flanges of 100mm. Two other sizes will be available later—these will be 400 x 130 mm and 250 x 90 mm.

The company's U.K. office is at 4th Floor, West Block, 11, Moorfields, London EC2Y 9DE. (01-628 2161.)

Steelwork in Bahrain

MIDDLE EAST contract for structural engineers John Booth and Sons (Bolton), a member of the British Constructional Steelwork Association, is for a major project in Bahrain.

Worth more than £100,000, the contract requires the supply and erection of structural steelwork for a commercial development in Manama, the principal port and city of Bahrain. Consulting engineers for the project are J. Kenneth Anderson and Associates of Beckenham, Kent.

The development comprises a five-storey hotel and shops complex with printing works in the basement and involves phased production and delivery of the steelwork in two batches.

New housing estate at Stockton

JOHN LAING Construction is about to start on a £2.5m. contract at Stockton-on-Tees, Cleveland, for the first phase of a new housing estate. Over 300 two-storey traditional brick houses and flats and a four-storey block containing 25 flats for the elderly are called for. The work is expected to take just under two years.

The estate, Elmtree Farm, Dishopton Road West, now a "Greenfield site" about three miles west of Stockton town centre, is being developed in three phases.

By the end of 1977 it is hoped that up to 1,000 municipal homes will have been built there, in addition to private accommodation and development by various housing associations.

Preparing for happier landings

COSTAIN-ARC has placed a £¾m. order with Charcon Scotland for 14,000 tonnes of precast concrete units, each weighing 7.8 tonnes, for use in the Shetland Islands.

The units will be used for the extension seaward of a runway at Sumburgh Airport where improvements are being carried out which will enable the runway to be brought up to instrument landing standards.

The main contractor for the £7.5m. project is the Costain—ARC joint venture. Consulting engineers are Sir Frederick Snow and Partners.

Expansion of an Essex village

A CONTRACT won by Mitchell Construction (1973) heralds the start of a project by Essex County Council to create a "mini-town" from a village 10 miles from Chelmsford, Essex.

Mitchell Construction, part of the Tarmac Group's Construction Division, is to undertake the first phase of the development of roads, surface water and foul drainage at South Woodham Ferrers, a community of 4,500 people which is to be increased to 18,000 over the next 10 years.

The two-year contract, valued at about £2¼m., has been placed by the County Council. Anglian Water Authority is contributing towards the cost of the 10 miles of sewers which are part of the project.

Other work includes the movement of 110,000 cubic metres of earth, 65,000 cubic metres of imported fill, laying over 25,000 metres of pipes, bridgeworks and construction of 6 km. of roads, 800 metres of in situ reinforced concrete culvert, secondary sea defences and a pumping station.

Magistrates' court for French-Kier

W AND C FRENCH (French-Kier) has been awarded a contract worth £1.4m. by the Greater London Council for a magistrates' court and probation unit at Ilford, Essex.

At the junction of Tanners Lane and Cranbrook Road, Barkingside, the building will be entirely in concrete, built to a low profile around the central courtyard.

Five court rooms will be provided at first floor level and the building will have a cast in-situ reinforced concrete frame with a flat roof.

The exterior will be clad in precast, light-weight concrete panels with concrete blockwork for the inside leaf of the cavity wall and interior load bearing and party walls.

IN BRIEF

● The Welsh Health and Technical Services Organisation have awarded Mears Construction a £789,544 design and build contract for the erection of seven residential blocks at the Royal Gwent Hospital, Newport, Gwent.

● Extension of the automatic telephone exchange at Flint, Clywd, is to be carried out by A. Monk and Co. for the Property Services Agency.

● Sigmund Pulsometer Projects has won a £175,000 contract for pumping equipment to be installed in a major scheme being undertaken to alleviate flooding and pollution of the River Parett at Bridgwater, Somerset.

● A £290,000 contract for the design and installation of mechanical services for the Pottergate office development in Norwich, has been awarded to Marryat Jackson Norris.

● A social and recreational club for BP Chemicals International of Grangemouth, is to be built at the latter's Little Kerse sports ground, by Gilbert Ash Scotland. The contract is worth £250,000.

● New premises for Whitbread at Ipswich Road, Cardiff, were topped out last Friday. The single-storey warehouse and a three-storey office block is being built by Willett under a £1.8m. contract.

Fast deep hole drilling

FOUR ROCK drill bits designed to speed hole cutting are being experimented with at Sandia's Albuquerque, New Mexico laboratories.

Two of the drills—one chips rock with high voltage spark discharges while the other fires small projectiles into the rock in advance of a standard bit—are designed to increase both penetration rates and downhole bit life.

The other two systems aim at increasing bit life. One of these enables a roller-cone bit to be folded and removed while another bit is cycled into place from a magazine containing 10 to 12 new bits. The other system has its cutting surface on a chain which is advanced to bring new cutting surfaces into position.

Sandia says that if development efforts are successful, the bits would have particular impact on deep-well drilling, where an appreciable amount of time and cost is expended in pulling thousands of feet of pipe to replace a dulled bit.

Improved bit life would also be an important factor in drilling geothermal wells. Geothermal energy sources are often located in rocks which are much harder than the sedimentary rocks in which oil and gas are usually located.

Each of the new bits is compatible with present rotary drill rig platforms, so that existing rigs can be used in testing and, ultimately, in deploying the bits for commercial purposes.

Sandia believes the spark drill has the greatest potential of the four bits for ultimately improving performance. However, it is admitted that its mode of operation is the most complex, and development problems are formidable.

The drill involves generation of high voltage sparks between electrode gaps located on the bottom surface of the bit. Sparks are generated around the circumference of the bit to chip—spall—the rock as the bit makes contact with the bottom of the hole.

The spark creates a high pressure shock wave in the drilling fluid (mud) used in the drill hole. This wave is followed by stress release (formation of a bubble in the fluid) and cavitation (collapse of the bubble). It is at present believed that bubble collapse produces a high pressure jet of fluid which further chips the rock.

So far, only low-energy laboratory models of the spark drill have been operated. For spark energies of 100 to 200 joules—equivalent to one and a half to three hp — shock pressures of 2,000 to 10,000 times atmospheric pressure have been measured. The jets produced by bubble collapse are thought to have produced even higher pressures.

In rock and concrete test blocks, laboratory models have achieved drilling rates as high as 30 feet per hour. At the design objective of 150 horsepower, the bit may drill at rates of more than 100 feet an hour and have the additional advantage of long downhole life, thus reducing the need for pulling the bit from the hole periodically. Sandia designers are aiming for a bit life of at least 100 hours and hope to have a bit ready for field testing in two years.

The Sandia chain bit also being developed is for slim-hole drilling. A long-life, slim-hole bit system would have considerable use in the drilling industry because bit, casing, and drill rig costs could be reduced for exploratory drilling.

The chain bit has a cutting surface located on the face of a continuous chain circulating between two sprockets—one at the bottom of the bit and another several feet distant at the top of the bit. The chain links are studded with tungsten carbide inserts or diamonds.

Cutting of the hole is by a portion of the chain wrapped around the lower half of the bottom sprocket. As the bit is turned in the hole, the inserts scrape the bottom and sides, gradually deepening it. When the approximately six-inch-long portion of the chain at the bottom of the hole becomes dull, another segment is cycled into place without removing the bit from the hole.

The projectile firing drill fires between the spacings in a standard tri-cone roller bit and its performance is based on the principle that highly fractured rock can be drilled more rapidly than unfractured, homogeneous rock.

Projectiles launched from a magazine located above the roller cones penetrate and weaken the rock ahead of the bit, which then pulverises the fractured segments and cuts the hole to the proper diameter.

Design of this bit is being carried out in conjunction with Maurer Engineering Company, Houston, and Christensen Diamond Bit Company, Salt Lake City. A working model will be ready for laboratory testing this summer and a field test prototype should be ready for tests in 1976.

In the changeable bit system devised by Sandia a new roller bit would be rotated into place at the bottom of the hole without having to pull the drill stem. Both new bits and dulled bits are stored in a magazine located several feet above the bottom of the hole, and are pulled into and out of the cutting position by a chain.

Cutter heads for the system are being designed and built by Reed Tool Company, Houston. These heads will be tested at a Reed test facility and, if these drilling-rate tests are encouraging, a prototype system will be completed in the fiscal year beginning July 1, and deep drilling field tests will be conducted a year later.

Nearer the scene of the action

MOTT HAY and Anderson International has established a new company in Tehran. It is known as Leev Anderson International Private and has been formed jointly with LEEV, an Iranian company of architects.

Mott Hay's directors are Emrys Powell (chairman) and Thomas Wilson and the Iranian directors are Ahmed Makki (managing), Teimoore Lakestani and Shamsaddin Shariatzadeh. Graham Wine will be Mott Hay's permanent representative in Tehran.

Coal plant contract

MATTHEW HALL Ortech has been awarded a contract worth about £5m. by the National Coal Board for the design, erection and commissioning of a coal preparation plant at Frickley colliery near Doncaster.

The plant will have a raw coal input of 1,000 tons an hour and incorporate a 500 tons an hour Baum coal cleaning system.

Included in the project are electrical installations, raw coal screening, stock-piling and blending equipment together with water clarification and filtration systems.

The contract is scheduled for completion in March 1977.

Housing at Bolton for Wimpey

CONSTRUCTION OF 248 homes will be carried out by George Wimpey and Co., under two contracts, worth together more than £2m., awarded by Bolton Metropolitan Borough. The mixture of two storey flats and houses will be built in Bolton using the No-Fines technique.

Both contracts have started and are due for completion in October, 1976. The first project consists of 119 dwellings in Leicester Street, and the second of 129 dwellings in Gibbon Street.

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MONDAY, JUNE 23, 1975

Little time to spare

THE RAILWAY settlement can only harden the determination of the Chancellor to get rid of the social contract and replace it with a package of measures which would be more effective in bringing the current rate of inflation down towards a more tolerable level. The fact is that the National Union of Railwaymen has secured for its members an increase which is not only well above the guidelines for interpretation of the social contract laid down by the TUC but also above the award made, with full regard to all the circumstances, by an independent arbitration tribunal.

The union's main object in pressing for so large an increase was to preserve parity with a quite different group of workers. It was able to achieve its point, despite all the damage and unfairness it involved, because it happened to be in a strong tactical position which it had no hesitation in exploiting to the full. One can only hope that the Government, as paymaster to a bankrupt railway system, ensures that the additional cost of the rail settlement is met neither by the taxpayer nor by the travelling public but by the railwaymen themselves, through a corresponding reduction in the railway labour force.

Social contract

But with the railwaymen out of the way—and local government white-collar workers, too, provided NALGO members accept the 25 per cent. offer reluctantly recommended by their leaders—the principal pay claims of the present "round" are now completed and the time seems ripe for the Government to step in and ensure that future wage settlements are regulated by a more realistic set of criteria more rigorously enforced. The rail settlement provides a reminder, if one is needed, that the social contract failed to achieve its intended object for three separate reasons. First, the Government's anxiety to obtain the voluntary co-operation of the unions caused it to remain satisfied with too modest an aim. Second, the guidelines laid down by the TUC were such that too many groups of workers were able to claim exceptional treatment. Third, there were no effective sanctions against groups which claimed more than their fair share at the expense of others.

There is a plain risk that similar weaknesses would hazard the success of a revised social contract, and that at a time when inflation has persisted for so long at so high a rate that its early suppression has now become a matter of social and political as well as of purely economic urgency. It is not easy to move from a period in which pay rises of around 30 per cent. have been common to one in which they are held at 10 per cent. or less.

Not acceptable

The Chancellor has now said that the unions have only until the end of July to come up with a voluntary agreement capable of convincing the world that it will be effective in getting inflation down from a current rate of 25 per cent. to one of 10 per cent. in the autumn of 1976. The plain implication is that if they are unable to do this, the Government will have no choice but to introduce statutory control of wages, contrary to its previous undertakings, or to cut the growth of public expenditure even more dramatically than expected. It may well be that such a threat may serve to accelerate the normal processes of TUC negotiation—though the attitude of the engineers and the miners, not to mention the hostility of many unions to the idea of a flat-rate (and low) limit on wage increases for everyone in the coming round, is not promising.

Many Ministers are themselves disinclined to introduce the kind of alternative measures which the Chancellor seems to be threatening. It follows that the Cabinet may well be more eager than it should to accept some proposal which, like the social contract, embodies expensive concessions by the Government in exchange for promises of doubtful value from the TUC. Such a proposal is no longer acceptable. In particular, price control on any but the most limited scale would leave inflation free to break out again in a few months' time, while depriving industry of the profits it needs to back capital investment and driving up the public borrowing requirement still further. An inflation such as we are experiencing cannot be cured quickly or painlessly. Any remedy which offers such a cure must be dismissed as quackery.

Karamanlis creates his base

THE INVESTITURE of the Greek President has completed the framework within which Mr. Constantine Karamanlis, the Prime Minister, will have to settle the pressing economic and political problems of his country. Since being swept to power last July upon the collapse of military dictatorship, Mr. Karamanlis has covered much ground: he has steered Greece through a referendum abolishing the monarchy, won a two-thirds majority for his New Democracy movement in parliament, put through a constitution, picked his way along the brink of war with Turkey without going over, has applied for early membership in the Common Market, and has at least tackled the serious economic situation.

Great powers

To adapt a celebrated phrase of Bismarck's, the Karamanlis-style democracy has been placed in the saddle: it must now show whether it can ride. From Mr. Karamanlis's viewpoint, the signs ought to be favourable since he has the constitution which he wanted. It is designed to give the executive great powers to ensure that stability which has usually eluded Greek democracies. Thus, despite strenuous protests from the opposition, the President, in agreement with the Prime Minister, may rule by decree for 30 days, and may appeal direct to the people by referendum.

What aroused the particular ire of the moderate opposition, the Centre Union-New Forces, was a device which will, at least in theory, make it possible for the new President, Mr. Constantine Tsatsos, to resign before the expiry of the present Parliament, allowing Mr. Karamanlis to replace him for a five-year period extending into the life-time of the next Parliament. The New Democracy has at no time admitted that such is the plan, but Mr. Tsatsos is a loyal follower of Mr. Karamanlis, much the more powerful of the two personalities, and a man who has always been credited with de Gaulle-style presidential ambitions.

Mr. Karamanlis's strength in Parliament and his likely domination of the President are as good a guarantee as any that the still smouldering Cyprus crisis will not get out of hand again and that the other dispute with Turkey, about the oil and other mineral wealth under the Aegean, will be peacefully resolved. Mr. Karamanlis was recalled from the wilderness when it became obvious that Greece was unable to best the Turks in Cyprus. He may therefore be the only leader who can persuade Greeks to cut their losses on the island, and not to overplay their hand in the Aegean.

Common Market

Greek-Turkish tensions are a key element in deciding upon the merits of Mr. Karamanlis's wish to see Greece a full member of the EEC before the end of this decade. The Turks have let it be known that if Greece gets in, so should they—and that would stir up a host of political and economic problems. On the economic side, the Greeks claim that their industry—already under a regime of two-thirds free trade with the Community—could stand the full blast of Common Market competition. But that conveniently overlooks that as full members the Greeks would have to cut out many industrial subsidies, not to mention agriculture.

Nonetheless, the balance of the economic argument may well be in favour of letting the Greeks in: on the political side, however Athens may view it, the Nine have every reason for caution.

'No-frills' discounts and 1940s movies are among the gimmicks to lure back U.S. air passengers

U.S. airlines on a cut-price flight into losses

JAY PALMER reports from New York

INFLATION-weary travellers planning this summer's vacations in the U.S. can relax with the comforting thought that prices in at least one important area will be well down on last year's levels. After more than two years during which U.S. air fares have been pushed sharply higher, the trend has now been reversed in rounds of fare discounting designed to offset the impact of the recession and fill increasingly empty aircraft.

The bargains now available from U.S. airlines are, indeed, astonishing, if—according to the American Travel Agents Association—bewilderingly complicated. It is possible for prospective travellers to have to choose from up to 25 different fare plans on just one single route. Theoretically increasing in direct proportion to the restrictive conditions of each scheme, available discounts can reach up to 45 per cent. of the scheduled rates, while still larger price cuts are now awaiting official approval.

This proliferation of discounting is not a new experience for commercial aviation. Back in the mid-1960s, when all the carriers had suddenly enlarged jet fleets to fill with passengers, it was estimated that over half America's air travellers paid less than scheduled rates. Today airline marketing men are using the same rationale to re-stimulate leisure travel lost as a result of the steady erosion of disposable income.

Domestic traffic

But while discounting may be a historically proven method of filling empty seats, there is one very big difference between the current situation and the apparently similar one ten years ago. Unlike in those happy days, most of the domestic airlines are now making losses or at least reporting lower profits. The industry as a whole is, arguably, in no financial shape to sustain the sort of murderous competition now in progress and to survive intact. There seems every chance that, by cutting fares, the airlines are also effectively cutting their own throats.

By any standards, it has been a bleak winter for the airline industry. Since last November, passenger air traffic has been steadily declining, in sharp comparison with the surprisingly and totally unexpected gains seen in late 1973 and early 1974 as the petrol shortage forced cars off the road. Over the first three months of this year, revenue passenger miles (the best measure of passenger traffic) fell 5 per cent. in what the Civil Aeronautics Board (CAB) described as the worst slump in the industry history.

Industry figures for the April-June period have not been completed but, on the basis of individual airline's reports, the earlier forecasts of an accelerating decline seem only too accurate. Last month Trans World Airlines and Braniff revealed that their April domestic traffic was down by 17 and 9 per cent. respectively. Other carriers are believed to have suffered similarly.

The real dimensions of the slump are better measured by the airline's load factor—the all-important percentage of seats occupied by paying passengers. During the first three months of 1975 virtually every domestic airline saw its load factor down from 1974's profitable levels of around 60 per cent. to about 50 per cent., which is below the breakeven point.

In the circumstances, it is hardly surprising that the period was a gloomy one for profits. United, Eastern and American Airlines all lost money over the quarter, while recent earnings projections by Wall Street brokers Goldman Sachs suggest that very few carriers will end the year in the black. The industry as a whole is forecast to lose at least $70m. this year compared with a record profit of $337m. in 1974—and this estimate could prove conservative if the current requested discounts are approved.

With costs continuing to rise very rapidly as long-term labour and fuel-supply contracts expire, it is clear that the airlines, desperate for more passengers, are in danger of pitching prices at a level where revenue cannot do anything but fall further. Many airline executives, not to mention the Ford Administration's new Transportation Secretary, Mr. William Coleman Jr., admit to being extremely worried. "The outlook is now dismal," Mr. Morton Ehrlich, Eastern Airline's vice-president, acknowledged recently, while a Continental Airline spokesman confirmed that several discounts could not be justified on profit terms.

Excursion fare

The current level of discounting had quite modest beginnings. In January American Airlines' introduction of a special (25 per cent. off) excursion fare for passengers flying over 1,500 miles was approved and quickly copied by other carriers.

This scheme, like its successors, bore conditions designed to ensure that the business traveller, who would be flying whatever the rate, could not benefit from the cut price. A 14-day advance ticket purchase was required, together with a return booking and a guaranteed one to two week length of stay.

The discounts have steadily grown bigger and the required conditions less restrictive as each carrier introduced its own "unique" scheme. The result has been a bewildering array of different fares and other expensive promotion gimmicks. Continental has recently re-introduced its luxury coach lounges and is now showing 1940s in-flight films, while American Airlines offers passengers a closed-circuit television view of the pilot at work.

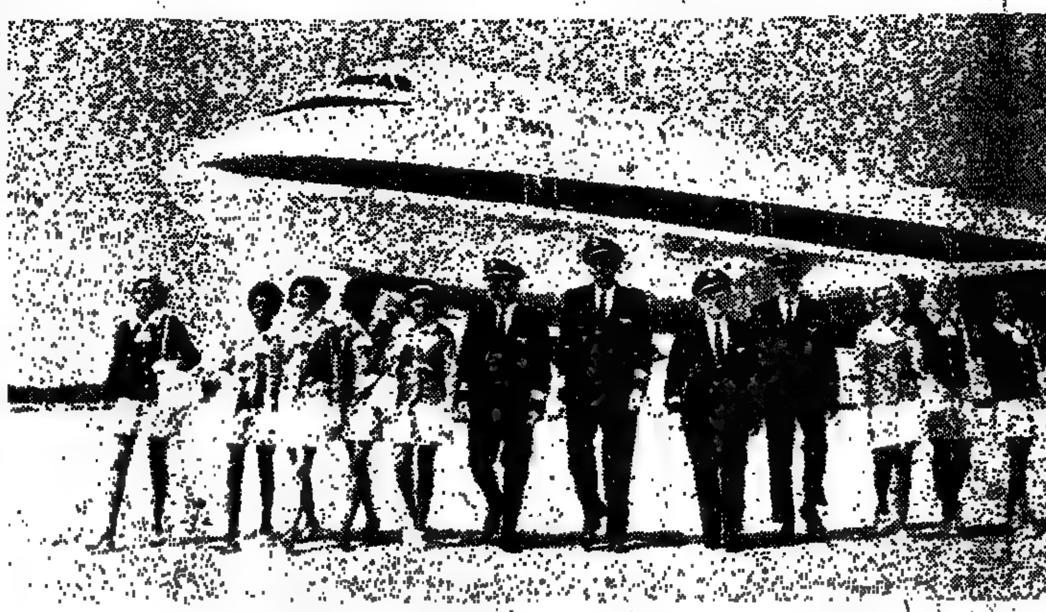
Tail-end seats

It was, perhaps, last April when discounting really got going, with National Airlines' introduction of its "no frills" fare for north-south East Coast travel. The special "third-class" fare ("no frills" passengers sat in special tail-end seats and could buy neither food nor liquor) was 35 per cent. below the scheduled rate and, perhaps most surprisingly, was cheaper than rail and bus fares on the same route.

National scored a major promotional triumph and immediately regained most of its share of the New York to Florida market lost during its 1974 strike. While National's competitors on the route—Delta and Eastern—were less than convinced about the profit potential of the scheme, they not only followed suit but went one step further. Within a matter of weeks, the scheme was extended to include non-wide bodied aircraft and passengers were able to buy spirits and food "at special prices."

The debate now is whether this "no frills" scheme in particular and discounts in general can generate enough traffic to offset the inevitable diversion of existing high-fare passengers and the additional costs of handling extra passengers. While National, which had the most to gain in terms of market share, insists that it does work and has recently deferred the expiry date of the scheme, Delta and Eastern are less sure. Against National's earlier projections that at least 40 per cent. of "no-frills" passengers would otherwise not have travelled, the other two carriers suggest that over 80 per cent. would have done so.

Eastern's Mr. Ehrlich is emphatic. "In this rotten economy," he says, "the number of new passengers will not come close to offsetting the lost revenue. The effect can only be marginal at best." Other airlines are equally unhappy about still pending plans now awaiting CAB approval, the most spectacular of them a scheme put forward by Mr. Ed Daly, president of World Airways, for a coast-to-coast fare of $89 against the $176 or more now charged.



Happier days when TWA introduced the first Boeing 747 on daily transatlantic service: now TWA is selling 747s to Iran.

More liberal climate

That such a suggestion is even being considered by the CAB is indicative of the new, more liberal, regulatory climate in Washington. The CAB has often been accused of being over protective to the industry it is designed to regulate and there has always seemed some truth in this—new airlines were forbidden to open routes and the industry's pricing structure has always been designed to make the more heavily travelled short-haul routes subsidise both the longer and the less travelled ones.

Ironically, it was only last year that the CAB decided, after a two-year study of airline pricing, that discounts in favour of one-class of traveller and against another were discriminatory. Youth and family discounts were eliminated late last year, but discounts in general now appear to be back for good. Since moving against these long-standing discounts, the Board has come under intense pressure from the new transportation Secretary, Congress and a number of consumer groups to stimulate more competition.

At the moment the Air Commerce Act mandates the CAB "to foster sound economic conditions in the airline industry." That the Agency has dismally failed ever to get the industry's average return on capital anywhere near the desired 12 per cent. mark is not in itself enough reason to allow competition to get out of hand. Industry executives may be thought to be biased anyway in favour of regulation, but their arguments (typically pointing out that excessive competition would result in less profitable, socially necessary routes being dropped or at least priced out of the market) clearly have some validity.

Federal aid

For the present situation, with its cut-throat competition, must end in destroying some carriers. Eastern, Continental and American have each been forecast, at different times, to be the industry's biggest loss makers this year, and TWA, of course, is currently fighting desperately to make up its expected domestic losses through Federal aid and sales of 747 Jumbo aircraft at relatively low prices to Iran. The crisis at TWA has just moved a stage further with the resignation of Mr. Forewood Wiser, its president, over route-sharing plans with Pan-Am.

But even if the CAB has proved over-susceptible to political pressures, the airlines have no one to blame but themselves for the current price war. With the industry's outside capital financing needs over the next five years now expected to be over $40bn., there seems very little chance that the only sure cure to the present difficulties (a sharp end to the recession and an upturn in traffic revenues) will materialise in time to rescue this year's profits. This in turn will inevitably lead to much higher fares than would otherwise have been necessary next year.

MEN AND MATTERS

Attallah's movie show

What does the following board of directors suggest? Dr. Lucien Dahdah, chairman and general manager of Intra Investment, the investment bank and holding company which, with major shareholdings belonging to the governments of Lebanon, Kuwait and Qatar, rose from the crash of Intra Bank in 1966; John Asprey, director of the family company of Bond Street jewellers, silver and goldsmiths; David Frost; Jonathan Aitken, MP; Sheik Najib Alamuddin, president of Middle East Airlines; George Hutchinson, political columnist of *The Times*; and Naim Attallah.

The Arab connection is clear, and Aitken, Attallah and Frost also have Slater Walker links. But I doubt if you would guess that the business of Namara Entertainments, for that is the company, is a half share in the making of a film about Cinderella.

The man who brought these diverse talents to bear on little Cinders is Attallah, an enthusiastic Palestinian-born 44-year-old who started business life as a foreign exchange dealer in a City bank. He then worked in London for Intra and was London manager when the crash came, but continued his career by selling things, like Boeings to the Middle East, from his London base and in 1972 set up his own company called Namara. It is a subsidiary of this which is doing the film, but Attallah's other interests include directorships of Asprey, of Norwest Holst International construction company, of Tritel Overseas Enterprises, a subsidiary of Trident Television, and a consulting role with Slater Walker.

While David Frost controls the other half of the production company making the *Story of Cinderella*, Attallah is the link with Arab backers. Apart from an epic on the life of Mohammed, this may be the first Arab money to go into a film for the international market. It is big money too, for the Arabs have contributed part of a £2½m. budget, which means the film was fully financed before shooting, a rarity when most pictures now have to go to distributors for part of their finance.

Attallah says the market aimed for is the *Sound of Music* one, with producer Stuart Lyons having worked on that blockbuster, and some locations shot around the same place, Salzburg. The troupe, including names like Richard Chamberlain, Dame Edith Evans, Margaret Lockwood, Michael Hordern and director Bryan Forbes is now back at Pinewood, providing work for the half-starved British film industry.

When the professionals cannot finance films any longer, it is time to give the amateurs a go, says Attallah, who already has a second project lined up for his unusual board.

Inver's vodka deal

If you want to buy Russian vodka in Britain, you now have to go through Americans. This switch in commercial detente occurs because Inver House Distilleries, which is owned by Publicker Industries of the U.S., has tied up a sole agency for Britain with Sojuzplodoimport, the relevant import-export body. This means the end of a 14 year agreement with Capital Wine and Travers, of London, a relationship which had the logic of Capital Wine's managing director Stanley Sklar having Russian grandparents.

Sklar has dropped the agency, because, he says, the Russians wanted him to guarantee to take fixed amounts of vodka for more years ahead than he cared to forecast. The vodka is doing well, with sales nearly twice last year's, and he will continue to sell our Scotch to Moscow. Perhaps that is where the battle really lies, for Inver House wants to get in on our spirit sales to Russia, currently running at twice their sales to us. By 1976, Inver House announced, its whisky "will be the leading brand of Scotch in the Russian domestic market." If the Russians can really guarantee that sort of consumer acceptance they must be lovely to do business with.

Mangling notes (1)

After his surprise elevation to Minister of State at the Treasury last week, one of the first Parliamentary answers given by Denzil Davies was a written one to Julian Critchley. It is of interest as, I think, the first time the Government has spelt out the effect of inflation on upper incomes.

Critchley took as the well-paid norm a man with two children and a net income of £6,000 in the 1975-76 tax year, and asked what gross pay he would need to protect the real value of that £6,000 over the next four years if inflation runs at 25 per cent. and the present level of direct taxation is continued.

To produce the £6,000 net in 1975-76 takes gross pay of £9,528. Davies said that in 1976-1977 it would take £13,538; in 1977-78 it would take £20,486; in 1978-79 it would take £33,823; and in 1979-80, if you can still bear the thought, it would take £51,053.

As it happens, the figures have a particularly gloomy relevance for Davies himself. He has two children and his new job brings in £9,500 a year. But he also keeps another £3,000 of his Parliamentary pay.

. . and (2)

In the light of such figures, it may already be a surprise to hear that the middle class retains its status, at least in its own estimation. For an ATV programme called *The Mangling of the Middle Classes*, to be shown to-morrow night, producer Derek Hart commissioned some research from Louis Harris into where people belonged in the class system.

The Harris sample of 1,034, from various regions, could chose to say they were upper class, upper or lower middle class, skilled or ordinary working class, or define any other class they thought they belonged to. Over a third of the sample, 34 per cent., thought they were middle class, 14 per cent. said skilled working class, and 46 per cent. just working class.

The rest either did not know or thought themselves special cases. Only three people considered themselves upper class and, just to confirm the complications of the matter, one of these turned out to fall, according to the advertisers' status ratings which are no longer mainly based on income, into the lowly DE class.

Also revealed is a touching belief in progress up the social scale. For when asked what class their parents were, only 26 per cent. felt they had been born into the middle class. Maybe this is plain ingratitude, for a big majority felt their parents were ordinary working class, only 8 per cent. saying father had any skills.

Observer

The Financial Times Monday June 23 1975

FINANCIAL TIMES SURVEY

Monday June 23 1975

PROPERTY

PART ONE

"Government measures have shown that the sector can be rapidly turned from boom to disaster but as yet few politicians have shown an interest in drawing up policies which would encourage property as a stable area of the economy. To do that requires a non-party approach. . . ."

Uncertainty compounded by legislation

BUSINESSMEN ARE obliged these days to adjust rapidly to new economic, social and political circumstances. Many feel they have particularly difficult problems. But I doubt whether any sector is as subject to uncertainty and change as the property world.

The Government is planning to nationalise development land and grant only leaseholds of uncertain duration to developers—a measure that will profoundly affect the institutional property investor and the development company. Inflation has so raised building costs that it is no longer economic to undertake many kinds of speculative development. Interest rates, which help determine whether a development company has a positive cash flow or not, have come down but may well be forced up again in an emergency package from the Chancellor. Rental levels are either falling, as in central London, or not rising sufficiently fast to make new development feasible. And as if this was not enough, the Government is proposing to give local authorities and the Department of the Environment discretionary powers so widespread that the Administrative Law Committee of Justice has described them as constitutionally unacceptable.

Pragmatic

Basically the uncertainty is an economic one which has been compounded by the introduction of the Community Land Bill, now before Parliament, and the proposed Development Land Tax. Only if economic or political pressures force the abandonment of these measures can one see at all clearly into the future and only then if more sensible and pragmatic legislation takes their place. If the present course is continued, both the developer and the institutional investor will have to alter their policies radically, quite possibly to the detriment of the country's economic activity.

Two months ago a leading developer summed up the current feeling of dismay and uncertainty in an ominous phrase—"I cannot see property being the solid base it has been regarded in the past." In other words the collapse of property values and the bankruptcy of many property development companies in 1973-74 had brought about an irreversible shift, reducing the confidence of developers and institutional investors on the one hand, and making governments more inclined to play a large role in controlling commercial and industrial property in the future.

The casual observer may feel this assessment to be excessively gloomy. After all, no major developers have gone bust this year, Mr. Crosland has spoken up in favour of a healthy property sector, interest rates have tumbled, property shares have outperformed the rise in the FT Index, the investment market has picked up quite strongly and the belief has grown that the Government will eventually steel itself to fight off hyperinflation. The trouble with these more encouraging developments is that they provide no evidence that the property industry is ever going to recover the health and vitality of the early 1970s. They are symptoms of more favourable temporary economic circumstances, not evidence of any improvement in the long-term political and economic outlook. With the exception of a few developers who still have a positive cash flow, it is at present difficult to find property companies which believe they will have a financially attractive role to play in the future, building the offices, shops, factories and warehouses which the nation will need if it is ever to throw off its present economic sleeping sickness. There is a widespread belief that, while Mr. Crosland may be mildly favourable to a healthy property market, the other Cabinet minister at the DoE, Mr. John Silkin, wants to see a complete and radical change in the way the nation get its new buildings.

On the housing front the position seems to be improving but production remains at a very low level compared with two years ago. The latest statistics from the Department of the Environment show that performance in both public and private sectors is continuing an upward trend. In the case of the latter the quarterly figures for February/April showed a 41 per cent. increase over the previous quarter and a 14 per cent. increase for the same time last year. Public sector starts showed only a modest but continuing recovery from the slump to boom cycle that is the curse of the industry as a whole. Nevertheless the trend is encouraging.

But how long it can last is a very difficult matter to judge. In the public sector there have already been Government cutbacks in capital programmes and in the amount of money available for rehabilitation schemes. The sounds now coming from Whitehall of further major cuts in public sector spending could include cuts in the housebuilding programme.

In the private sector builders will be keeping a keen eye on how the market in property in general is moving. Builders must be assured of an increase in selling prices if they are to cover the 25 per cent. increase in construction costs over the last year. But except at the very bottom of the price range the market remains sluggish despite the increase in the availability of mortgage funds. Since the market is dominated by the buying and selling of second-hand homes there will have to be a much greater increase in prices if the developers are to have the confidence to go ahead with large building programmes.

On the commercial and industrial front, everyone involved in property development — landowner, developer, financier, landlord, local and central government officers, tenants, agents—is having to adjust his policies and activities, and even more radical changes will be needed in the future.

The landowner has seen the value of development sites, with or without planning permission, plummet as Mr. Anthony Barber's Development Gains Tax and its associated First Lettings Charge have hit the developer's profit. In addition the rise in building costs has moved ahead faster than rent levels and thus reduced still further the developer's desire to make new purchases of development land.

Creditors

Very few major developers have at present a positive cash flow. Other companies are being kept afloat by their long-term creditors who fear that foreclosing on debts will only force still more commercial and residential property on to a still hesitant market and give rise to actual bad debts. To ease the liquidity problems, developers have resorted to every kind of activity. Some, like Town and City, have drawn up a list of their most marketable properties and geared their management to make the necessary disposals. Some have sought to raise funds through convertible loan stocks issued to their major creditors (Town and City is again an example) or by a rights issue (Slough Estates) or from some other source (Slough Estates has raised £5m. from the Government-sponsored Finance for Industry). A growing number have resorted to the apparently drastic but basically sensible device of passing their dividends (MEPC recently omitted its interim payment to ordinary shareholders).

The larger developers are clearly going to survive the present crisis and indeed may have already weathered the worst of the storm. The future for them in this country may be, however, a very different one from that of the recent past.

The position of the financier is inextricably tied up with that of the developer and, following the secondary banking crisis, most of the major banks and the institutions with loans outstanding to the developers have shown little stomach for further blood-letting. It is still possible, however, to detect a significant shift of emphasis among the long-term investors in property developments—the insurance companies, pension funds, property bonds and property unit trusts. The first change is one of much greater caution. Pension funds are generally unwilling to-day to fund new developments: instead they prefer to see short-term funds employed for this purpose and then step in with long-term finance when the scheme is well let and operating successfully. Inevitably this reduces an important element in the dynamism of the development market. Next, the institutions show little appetite to invest large slices of capital in individual projects. In recent months there have been virtually no investment of more than £3.5m. unless exceptional circumstances (such as a need to buy out partners) have been a factor. Even so, the investments have been of an ultra-cautious kind—prime office properties, fully let to top covenants with little or no reversionary element.

Landlords have found themselves since March 19 in the apparently happy state of being able to charge a full market rent on any tenancy agreement which comes up for review. MEPC now estimates that this could be worth £3m. in a full year yet few are rejoicing even though it is easier for property companies' portfolios to be valued. In some areas, such as central London offices, rentals have been falling and reviews have not always yielded the increases which would have been obtained two years ago. The rapid increase in rates and the willingness of companies to move some operations from the capital have added to this problem. No one in the property world would welcome a return to the false market of frozen business rents but many people are apprehensive lest just such a freeze is reintroduced as part of an astringent economic package to peg wages and prices. For many versed in the ways of Whitehall, it is hard to imagine any kind of freeze which left property out.

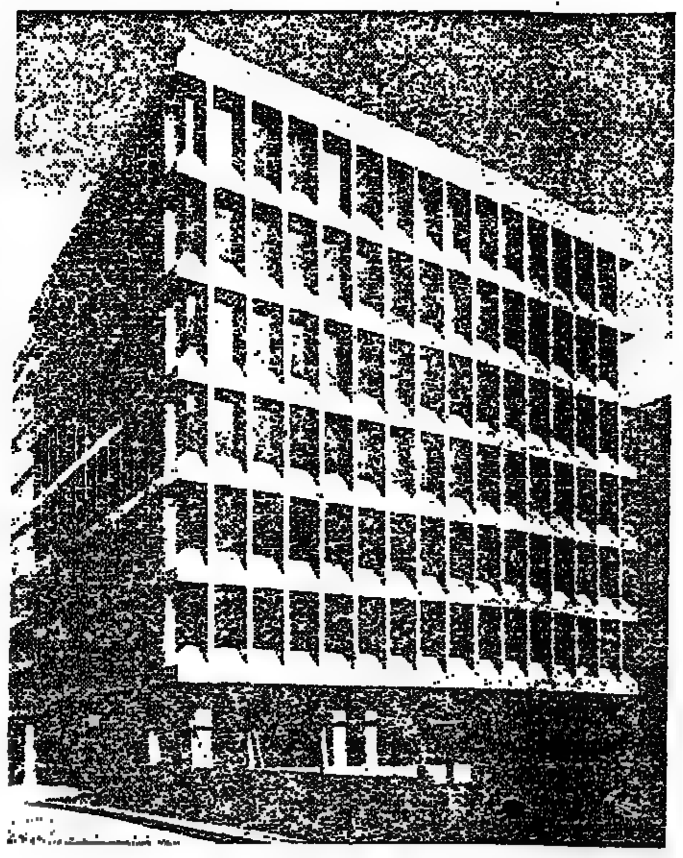
Local authorities are now busily trying to work out what the future holds in store for them. The wide new powers of planning and land acquisition (both statutory and *ad hoc* compulsory) will make huge demands on their manpower, often already overstretched. If the Community Land Bill gets to the Statute Book, many councils may be unable to avail themselves of their new powers and may be obliged to call in outside professionals to assist on questions of site assembly, purchase and sale negotiations, financing deals, etc. It is scarcely surprising that some authorities view the future with a feeling of dread.

Professionals

They may well turn to the property agents who alone among the major forces in the property world seem set to do very well whatever the future rules of property development turn out to be. As professionals they hope to offer additional services to local authorities, or financing institutions or developer/contractors. The only agents likely to lose are those who have members sitting on the Boards of property development companies which may in future play a less financially significant role.

Government measures have shown that the sector can be rapidly turned from boom to disaster but as yet few politicians have shown an interest in drawing up policies which would encourage property as a stable area of the economy. To do that requires a non-party approach, supported by a majority of MPs whatever the colour of the Government. The desire for such a solution is recognised but the objective seems almost as distant to-day as during all the contradictory and confusing years of the post war era.

John Trafford
Property Correspondent



Irongate House, London, E.C.3. Developed by Imry Property Holdings in association with Norwich Union, the office block is being let in individual floors by Jones Lang Wootton and Knight Frank and Rutley.

CONTENTS PART ONE

PART TWO appears next Monday, June 30, and will include:

Two years ago property shares were among the star performers in the market. The boom was followed by an equally spectacular collapse in sympathy with property values generally. There has been a good, but qualified, recovery since.

Shares turn better

PROPERTY SHARES have risen sharply over the last six months following a steep and almost continuous fall during the previous 12 months. But the recovery has been only partial—and recently distinctly hesitant—with many basic questions about property values and relative prospects within the sector still unresolved. There has, however, been a definite change of mood and attitude over the last year. Whereas relative valuations in the summer of 1974 were determined primarily by questions of survival, this issue is now no longer predominant.

But just as the property sector has started to emerge from the major problem—and, above all, the uncertainties—of last year, so it has been seen that its difficulties are both more widespread and complex than had previously been thought. Thus while more companies look like surviving than might have been envisaged a year ago, so it can now be seen that some of the apparently solid and strong companies are also facing major problems of their own, albeit of a different kind and intensity than those faced by the initial, well-known casualties of last year's shakeout.

Squeeze

The starting point for any analysis of the current position is November 1973, when the Financial Times property share index touched its peak of 357.4. This broadly coincided with the disclosure by Land Securities of a near 28 per cent. increase in the value of its investment properties in just over six months, and the announcement by the then Conservative Government that it was not going to extend the business rent freeze into a permanent policy of long-term control. The boom was not to last, and towards the end of November property shares began to slip sharply as interest rates leapt up and the *first indications appeared of the* financial squeeze and secondary banking crisis which so overshadowed 1974.

Property shares dropped rapidly throughout the closing *weeks of 1973, particularly after* the announcement of a new *development gains* tax in the mini-budget of December 17. After a pause in the first two months of 1974, the index dropped *even further* following the election of a Labour Government, the extension of the rent *freeze for a further year* and the uncertainties about Labour's proposals on development land. But the primary cause *for* the continuing slide in property shares throughout the first 10 months of last year was the market's fears about the impact of higher interest rates and the problems of the fringe banks on many property companies.

Many of those companies which had over-extended during 1971-73 found their cash flow problems compounded by the effective absence of a property investment market on any scale, which in turn made valuation almost *impossible.* And the difficulties of Guardian, Lyon and Stern *in the spring* of 1974 merely added to the *stock market's jitters about* property. The result was that by November, 1974, the property sector index had fallen to 79.2, *less than a quarter of its* all-time high of a year earlier. Within that overall *trend, the* more highly-geared companies *fell very much further than the* average—dropping in some *cases to a tenth of their November,* 1973, peaks.

The beginning of the recovery was signalled by the considerable relative strength shown by some of the more conservative and less highly geared companies towards the end of last year. The fact that only a handful of companies had actually "gone to the wall" was also taken as an encouraging sign. The improving trend was further stimulated by the Labour Government's announcement just before Christmas that the *rent freeze would end at the* beginning of February—12 *months earlier than previously* intended—and also by the fall in interest rates. The major change, of course, occurred when the stock market as a whole suddenly began to recover in mid-January and February—and property was among the best-performing sectors during this period, along with a number of other areas, like banks and construction, which had fallen a long way in 1974 and tradition*ally perform well in the early* stages of a bull market.

Reasonable

The relatively strong performance of property at the start of the stock market rally also owed something to the view that the change in yield patterns resulting from the rise in equity and gilt-edged prices had made property itself more attractive as an investment. Thus a prime investment rate for offices or shops of 7.5 to 8 per cent. which looked some*what exposed at the end of* December when equity and undated gilt yields were 12½ and 17¼ per cent. respectively, appeared more reasona*ble* barely a month later in early February when the figures had fallen to 7.7 and 15.2 per cent. This *relative attraction of property* has been underlined subsequently, since although prime rates have dropped by perhaps *half a point to a point,* the yield on the All-Share is 5.8 per cent., and just under 15 per cent. on undated gilts.

Although the more lowly geared companies, such as Great Portland, Warnford, Land Investors and Artagen, have all performed relatively strongly throughout the closing months of last year—and indeed rose sharply in January and February—the spectacular performers this year have been the *previously* "bombed-out" category of the highly geared *groups. For example, British* Land at one stage rose to more *than five times its 1975 low,* while Town and City's shares jumped to over four times their low.

The property sector touched its peak—so far this year at any *rate—in late April* when the index was 241.22—three times its low of less than *six months* before. The index has fallen by more *than a fifth since then.* This reaction from the rapid gains made up to the end of *April reflects* a realisation that last year's setback was far more than just another cyclical downturn—on the lines of the early 1960s bear property share decline.

Thus not only will recovery take longer than some of the optimists had been hoping earlier in the year, but there will also have to be changes in the stock market's view of the sector as a whole, and not just the highly geared companies. The greater uncertainties—and the associated fall in property shares—have been prompted by concern both about MEPC's *interim results* — more than borne out in fact—and about the outcome of Land Securities' revaluation—which produced an asset value not as low as some had been fearing, partially reassuring the stock market. But reports about falling rent levels *in London have created doubts* about valuations.

MEPC's announcement of falling profits and the passing of its interim dividend highlighted some of the market's current concerns about the sector. The setback was caused both by difficulties overseas—showing that expansion abroad is not quite the Eldorado once assumed—and by a decision to take a more conservative view on the capitalisation of development interest following the deferment of several projects. The latter is of particular importance given the fact that the only reason many companies are able to show profits and pay dividends at all is because they capitalise such interest.

There will probably be much more *pressure for companies to* take a stricter view—limiting *such capitalisation, as in* MEPC's case, only to develop*ments "actively under way."* Anyway, analysts are now much more concerned with the profit and loss accounts of property *companies than they were in the* past, when asset growth was placed above anything else by some companies, though certainly not all.

Bullish

A whole series of company announcements over the last six months have shown that *it is* not only the obvious highly *geared companies but a much* wider range of groups which have *suffered* from high interest rates, low dealing profits and write-downs at *home and over*seas, caused by acquisitions made in 1971-73. This can be seen in some of the relative share price movements of the last few weeks.

A further, underlying preoccupation is that a weak letting market in certain areas and falling rents—notably in central London offices—are partly negating the beneficial effects of a slowly strengthening institutional investment market (with *a small drop in yields*).

This raises the question of how property shares should be *rated and over how much weight* should be placed on the relationship to stated net worth as opposed to earnings and yield. The view that a certain discount to net worth—say 30 per cent. at present—is somehow "right" has always smacked of rationalisation.

The principal question for *analysts now is how far some* of the short-term bearish fac*tors—for example the amount* of property still overhanging the market, *the fall in rents in* central London and some of the *problems with current develop*ments—should be counterbalanced by the longer-run bullish influences on rents resulting *from the cutback in develop*ment.

In a recent survey of the sector, which appeared in early May before shares started falling back sharply, brokers W. Greenwell argued that many property companies were on fundamental grounds expensive following its calculation of up-date asset values on a 7 per cent. yield basis. The report argued that since rental and letting trends over the next few years are likely to run against central London office portfolios and in favour of portfolios diversified outside central London and the U.K., investors ought to be switching out of shares, such as Great Portland and Land Securities, into more broadly based companies such as English Property Corporation, Hammerson and MEPC.

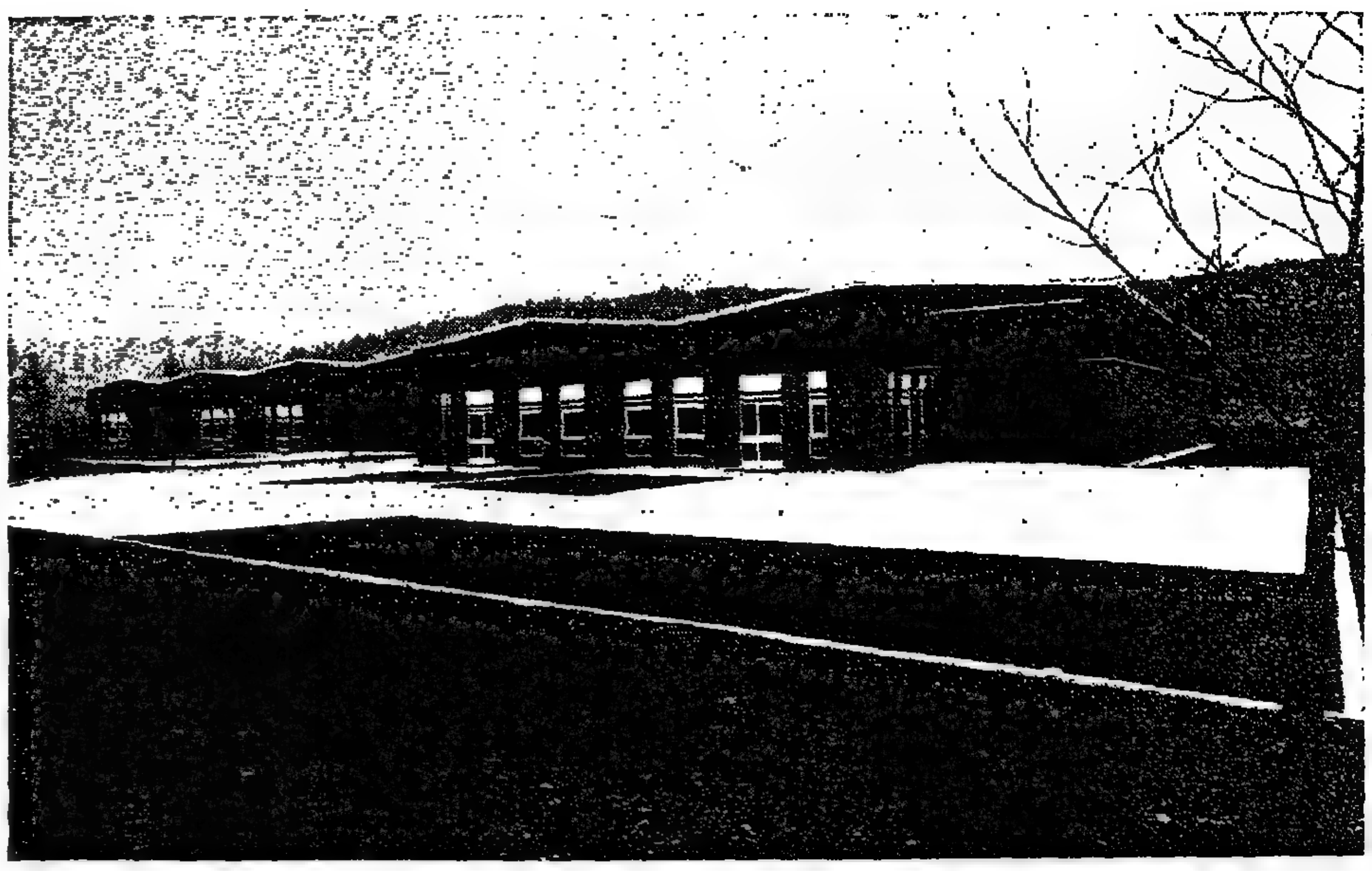
Attractions

Prospects are not entirely rosy *overseas, however, as MEPC's* recent problems in Australia *and Belgium have shown,* though there are obvious *attractions in certain types of* overseas holdings.

In addition to these general issues of valuation, there is also inevitably interest in the possibility of takeovers. Apart from rescue bids from certain minor developer/housebuilders, the only major takeover over the last 12 months has been the bid for St. Martins by the Kuwaiti Investment Office.

Other Middle Eastern takeovers have been rumoured, but none have emerged so far—and a more likely short-term source of bids could be U.K. institutions. Although several U.K. composites have recently been making rights issues in order to broaden their capital bases, it would not be surprsing if one or two of the big insurance companies decided to make offers for property companies within the next few months—especially as it is possible to value the companies' assets with rather more certainty now than earlier in the year. Among the most frequently mentioned targets are Amalgamated Investment, Great Portland, Artagen and Haslemere. In addition, some of the smaller troubled groups may also be effectively absorbed by institutions or banks. However, the partial revival of the investment market and increased ability to carry out valuations have made some of these companies' financial backers more eager either for steady progress towards a reduction in debt, if possible, or a quick end by the appointment of a receiver, as has happened in several cases.

Peter Riddell



Part of Chesterfield Trading Estate which is being developed by Arrowcroft in partnership with the Borough Council.

As in other sectors, the big institutional investors are a major force in property. After last year's shake-out they are back in the market, but buying so far is on a highly selective basis.

The big buyers

FEW ASPECTS of the British property scene to-day are as critical as the attitude of insurance companies, pension funds and property bonds towards property investment. For, if economic circumstances or political edicts make property into an unattractive area of long-term investment for these powerful suppliers of finance, the equilibrium of the whole market is upset and development severely affected.

The present situation is one both for optimism and pessimism. The optimism stems from the fact that commercial property is once again being considered by the major investing institutions as a useful hedge against rapid inflation. Whatever the short term may hold, runs the argument, institutions which have to meet life insurance claims or pension payments in, say, 40 years time must look to investments that will preserve their real value.

Another cause for optimism is the sheer problem of institutions finding a suitable investment home for the volume of funds that flow in. The rapid increase in the nominal wages of the lower paid workers has meant that very large increases have occurred in the cash available for investment. The Post Office Staff Superannuation Fund, the largest of all the nationalised pension funds, now faces a problem of investing some £200m. a year in gilts, equities and property.

Added to these factors is the infectious effects of an incipient bull market in prime investment properties. Having seen the rents achievable and the book values of many so-called prime office properties in London drop by as much as 50 per cent. over the 15 months to December, 1974, one might expect institutional investors to hold back in fear of further horrors yet to come.

A welter of investment inquiries, a spate of optimistic agents' reports and a little evidence of investment deals actually agreed in the early months of 1975 have transformed the climate. There is now tangible evidence of major investment deals directed in almost every case towards completed, prime office properties, fully let at market rentals to top class tenants. In a single week in early June, Norwich Union announced that it was spending £6.7m. on acquiring the remaining 2/3rds interest in Birmingham's New Street Station shopping complex; an unnamed pension fund spent £3.5m. on buying an office block in Bristol let to the Avon County Council and another pension fund bought a smaller office in Braintree, Essex, for over £200,000.

Willingness

In the early weeks of the year the tendency was for any investment deals to be confined to the smaller end of the range, up to, say, £1m. but in recent weeks there has been evidence of the institutions' willingness to invest far larger sums in single properties.

Not all the investment is of this well-planned variety, however. In May, Town and City Properties announced that Barclays Bank and Prudential Assurance, its two principal financial backers, were subscribing respectively £15m. and £10m. for convertible loan stock. Both, one can surmise, were reluctant investors in the problems of Town and City but neither had much option if the company was to be provided with secure long-term funds to allow it to extricate itself from its current loss-making position through the completion of current projects and the sale of properties for which a satisfactory market existed. Faced with offering such massive support, the Prudential, for one, finds itself severely curtailed in its freedom of manoeuvre for investing in other commercial properties.

Although institutions have recently shown far greater interest in property investment, they remain generally very selective. While yields for prime office blocks is fairly strong and yields have consequently fallen, the same cannot be said for empty or partially let properties or those in secondary locations. There has, indeed, been something of a polarisation with prime properties selling relatively well and the others still largely unmarketable. The institutional demand for the prime investments has been enough for some agents to talk seriously of institutions branching out into areas other than their traditional domain of offices. Industrial properties (which offer a substantially higher yield than offices) is one area which has seen significant investment activity but other kinds of investments are also being considered: garages, shops, leisure centres.

Another cause for the present investment interest is the fear of worse legislative horrors to come in the form of the Community Land Bill, now before Parliament. If enacted largely unchanged, the day could come and even come quickly when the freehold of all development sites was acquired (at or near current use value) by the local authority. It does not require a clairvoyant to realise that freehold properties could become something of a rarity—with all that implies in terms of price.

There is, however, another side to the legislative coin and it gives no comfort at all to the institutions. Simply stated it is the fear that the legislation if unamended might eventually make property sufficiently unattractive that the institutions would opt for other kinds of long-term investment opportunities.

The fear can be divided into three parts: the definition of relevant development (the kind of development for which land can and later must be acquired by local authorities): the length of the leaseholds to be granted by local authorities: and finally, the wide powers entrusted to local authorities and to the Secretary of State for the compulsory purchase of land.

It is hard to know which of these points is most likely to give trouble. On their existing portfolios, the institutions believe that they may be forced to surrender the freehold when, as is common enough with their older buildings, the time comes when they wish to rebuild on the same site. The danger appears to exist that the local authority could step in when they apply for permission to redevelop and acquire the freehold compulsorily.

Furthermore, if the Department of the Environment finally decides to allow local authorities to offer no more than 60-year leaseholds on development sites, the institutions might withdraw from the property investment market in an impressive way. Alternatively they might change their attitude towards what constitutes acceptable security but this seems generally unlikely since the institutions have generally regarded a leasehold of 999 years as decidedly inferior to a true freehold. Either way, their traditional attitudes to property will be subject to scrutiny and change.

Since the Government recognises that someone will have to provide the funds for the offices, shops and industrial space which British industry will need if it is to expand in the years ahead, it seems possible and even probable that some of the institution's objections will be listened to with sympathy and perhaps acted upon. The matter is one of crucial importance for, as the table shows, the volume of institutional funds being funnelled into property has reached proportions which no-one in Westminster or Whitehall can reasonably ignore.

J.T.

INVESTMENT IN LAND AND PROPERTY (£m.)

SECTOR	1970	1971	1972	1973	1974
Insurance companies (long term funds, net investment)	203	189	124	285	392
Pension funds* (direct)	95	93	131	291	
(via property unit trusts)	30	43	39	25	
TOTAL	328	225	294	601	

* Figures for financial years 70-71, 71-72, 72-73, 73-74

Construction is one of the industries which has suffered most severely from the recession. In large part this reflects the attitude of property developers chary of new starts in the present economic climate.

Development lags

THE PROPERTY world is one of conflicting views and contrast but there is one matter on which everyone agrees. Never has new commercial development work been at such a low ebb. The fact that the casual observer can see building sites under development in the big cities and can read of the latest lettings or investment deals, masks the seriousness of the situation. For, although development work is still proceeding at a perfectly respectable pace, there has been virtually no new development starts made on shop or office schemes in the past twelve months. The situation with industrial property is a little more encouraging but even there the pace has notably slackened.

The basic reason is simple enough: at current interest rates and building and site costs, and heavy taxation, the prospect of a new development yielding a respectable return on investment is poor because rent levels have failed to rise sufficiently. In an unconstrained market, this imbalance would eventually disappear as the existing supply of office and industrial space was taken up and little new space was brought on to the market.

Property, however, is anything but an unconstrained market. Indeed it is one of the most politically sensitive of all areas of business activity and this means that from now on both developers and their financial backers are likely to have to accept some form of very stiff taxation on development gains. at the present time the tax is the Development Gains tax and its associated First Lettings Charge but these will be replaced in 1976 by a Development Land Tax. Although rather different in concept, the two taxes have one effect in common: they make it impossible for development companies to make a large capital gain from the difference between the value of a completed commercial building and the costs of land and construction.

From now on, it seems that the developers' role is going to be closer to that of the industrial investor who makes no capital gain from putting up a new manufacturing plant but expects to make a profit year on year from the revenue generated by selling the product made at the plant. In the same way, the developer is now faced with trying to ensure that the revenues from the building, that is the rental income, is sufficient to cover his financing costs and still leave a profit. It is the absence of the prospect of that profit which is deterring developers from proceeding with new developments.

Exceptions

Like any generalisation, it is easy to think of the exceptions to the rule. The most glaring ones come in the industrial sector which is showing continuing signs of life and, in many cases, a pattern of rapidly rising rentals and growing investment interest from the institutions and pension funds. Slough Estates, Percy Bilton and Brixton Estates—three of the leading industrial developers—have all recently announced important new development schemes. Perhaps the most dramatic was that of Slough Estates which firstly raised £10.75m. by means of a rights issue and a loan from the Government-backed Finance for Industry and then went ahead with buying Suttons Seeds for £3.2m. so that it could develop the seed company's 43 acre market garden site at Reading as 750,000 square feet of industrial estate.

That sort of news contrasts sharply with Kingston-upon-Thames District Council's attempt in January to interest developers in a major town centre redevelopment scheme and the decision in March by Cardiff Council to abandon the plans it had jointly sponsored with Ravenseft, the Land Securities subsidiary, to rebuild almost the whole of the central city area. In neither case did the economics look right nor does there seem much chance that they will improve sufficiently in the near future to warrant a second look. Indeed Cardiff now intends to go ahead with piecemeal development.

As far as the traditional role of the developer is concerned, the areas of current activity are largely abroad, especially in North America. In most other areas, again with the notable exception of industrials in Benelux, the pattern has been one of difficulty in refinancing short-term money, difficulty in finding tenants, difficulty in finding buyers in cases where a sale is either desirable or essential. In Australia there have been numerous cases of developers finding themselves obliged to continue to build huge office blocks or residential developments for which no likely tenant appears to be in sight.

The problems of the past 18 months have helped to clear many heads in the boardrooms of development companies as well, one hopes, as some of those who offer advice to equity investors. Because of the still high interest rates and the difficulty of finding tenants to occupy a new property or an institution or owner-occupier to buy it at an "acceptable" price, many of the largest British property development companies have been suffering from a large negative cash flow in recent months. Yet they have mostly persisted in paying dividends by "raiding" their capital reserves—a highly dangerous approach to business.

It seems to be more clearly understood now than previously that assets in the form of very illiquid property are not a good thing to possess if there is no way to make them generate a respectable cash flow through finding suitable tenants. If they had their time again, many of the developers who have experienced all the pangs of speculative development—or the refurbishment of existing buildings—would show greater interest to-day in the risk-free proposition of pre-funding and pre-letting any new development. The big money cannot usually be made that way but then neither can the big losses.

This appreciation of the attractions of a reduced risk and reduced profit may not fit in very well with the chemistry of some developers but it may well prove to be the path forward during the period of the present Labour Government. The Community Land Bill will ensure that the major commercial development will offer little and later no profit at all to the company that has assembled a development site and sought and won planning permission. This may well mean that no development land comes on to the market and that no effective site assembly work is done by those skilled and practised in carrying out the task. Few doubt, however, that local authorities are going to be much more actively involved in putting together a development package, using someone (perhaps even a local government employee) to assemble the site, find the finance and organise the development work.

Advisers

Some property agents are already active preparing for this day by publicising their local authority advisory units. They see themselves as professional advisers to local authorities suddenly snowed under with heavy and bewildering new responsibilities. A few developers have a similar vision, seeing themselves as professionals undertaking the development work on behalf of their client—the local authority—for a fee. "We may never grow rich on that kind of work," they quip, "but at least we shall survive."

Most property development companies are run by entrepreneurs—a highly resilient and financially imaginative band of businessmen. Many of them have weathered the most recent property storm far better than had earlier been expected, in part because their financial backers, when it came to the crunch, were reluctant to foreclose on outstanding loans simply because that would have transformed potential bad debts into real losses. But the storm has left its mark nonetheless and now there looms an intriguing and difficult proposition: if Mr. John Silkin the Minister of Planning and Local Government does get his way and sees his Community Land Bill on to the Statute Book, will the traditional entrepreneurial developer be able to react to the changed circumstances and survive to make a profit?

Some may, of course, draw in their horns and become no more than investment trusts holding existing property which the company has developed. But to most the temptation will be to continue with the development game. The rewards will go to the companies that learn the rules of the new game of development fastest.

J.T.

Decontrol of business rents has provided a welcome fillip to the somewhat jaded commercial property market. But fears remain that inflation will oblige the Government to introduce a formal prices and incomes policy.

Business rents

TO JUDGE the Government on its recent pronouncements and actions, there has been a genuine change of heart about the usefulness of subsidies and price fixing as a means of fighting inflation. Subsidies are seen merely to transfer the burden of inflation to Government funds and price fixing transfers it to those whose prices are being fixed.

The Chancellor's determination to phase out subsidies to nationalised industries is one aspect of this change: the talk of reducing food subsidies is another; and Mr. Anthony Crosland's decision to end the freeze of business rents, announced in December and implemented in March, is a third.

His pre-Christmas statement has been seized upon by the property world and reiterated to the point of tedium. But the enthusiasm for his words is entirely understandable, for Mr. Crosland is first senior minister for years, even decades, to make a link between the prosperity of the commercial property sector and the achievement of "the government's economic and social objectives."

Enthusiasm for words does not always spill over into enthusiasm for measures and so it is at the present time. We have the curious spectacle of property developers, agents and financiers praising Mr. Crosland while fighting with verve, if not always with skill, the Community Land Bill proposed by the other Department of the Environment Cabinet Minister, Mr. John Silkin. Indeed they have used Mr. Crosland's statement as ammunition in their opposition to the Bill.

Noticeable

However distasteful the measures in the Bill, the tonic effect of the decontrol of business rents has been noticeable. The control was imposed by Mr. Anthony Barber in November, 1972, and applied to all rents charged on offices, shops, warehouses and factories. The longer the period of control ran, the greater was the impact and the loser was the landlord (often a property development company, insurance company or pension fund). The measure ensured that each time a lease specified that the rent of a commercial premises was to be reviewed the rent payable would remain unchanged. The only premises not affected by the measure were those where no lease was in existence and both parties were free to negotiate—and even there the lack of a free market placed the would-be tenant in a stronger position than he would have enjoyed otherwise.

Faced with pegged rent levels and an unreal, stagnant lettings market, property developers gradually found themselves with embarrassingly large forward commitments. Property values which continued buoyant for almost a year began to crumble in the autumn of 1973. Property financiers such as the secondary banks London and Counties Securities and Cannon Street Investments and developers like Lyon and Stern groups collapsed.

The measure not only caused trouble for the fringe operators. Really large development companies like Town and City Properties found themselves in difficulty and with promptings from the Prudential had to evoke the help of Sterling Guarantee Trust by means of a reverse takeover to inject new management into the organisation.

But perhaps the most serious effect of all, from the standpoint of the present Government (which came to power when the turmoil in the property market was at its height), was the impact on industrial investment and on pension funds. It has been common practice for industrial companies to use their freehold or long leasehold property assets as colateral for bank borrowings needed to finance expansion. When property values suddenly went into decline, many industrialists found themselves unable to obtain the loans they needed to renew old loans.

It would be wrong, of course, to attribute all the ills of the commercial property world to the freeze on business rents. The sharp rise in interest rates, the inflation in building costs, the over-investment in new office buildings, the energy crisis and its effect on economic growth, the Development Gains Tax and first lettings charge all had their effect. But underlying these traumas was the fact that a control of business rents meant that there was no certainty that rents would be allowed to rise sufficiently to preserve property as a sound investment—and nothing could be more damaging than that because, to the institutional investor and the owner occupier alike, the main attraction of property has been the long-term security it offered rather than the initial yield.

When the Labour Government came to power, it was soon apparent that the freeze on business rents was striking right at the heart of the business system and would have to be relaxed. The target initially set in was to begin to relax the control in 1976. It is a mark of the inherent urgency of the situation and the Government's increased realisation of the nature of the problem that led Mr. Crosland to take such a radical step—complete decontrol more than a year earlier than had previously been envisaged.

In effect, the decontrol did five things. For landowners, it provided a big increase in cash flow from rents (MEPC, one of the country's largest property companies estimates an annual increase of £3m.): for tenants, a sharp increase in costs which has forced some to move to less costly premises: for developers with property for disposal, an opportunity to negotiate a sale: for investors in business property, a revival of investment interest; and for all those who hold property, an opportunity to place a more accurate value on their portfolios.

Nervous

The basic point is, of course, the prospect of increase in cash flow from rents under whatever terms the lease allows. Few people, even tenants, believed that the alternative false market situation was a healthy one. But many developers have shown themselves exceptionally nervous about the Government's real intentions for the future. After all, the Government has declared itself opposed to a formal incomes policy but may still be forced to introduce one. And if that happens price and rent control might well be brought in as well.

The decontrol has not, of course, meant a large rise for all tenants. For many, no review of the existing lease is due for some time: for others, the lettings market has been sufficiently weak (especially in Central London) for landlords have been unable to extract any increase without risk of a "void" (for example, the tenant leaving and no one being found to take his place). The full effect of decontrol can, inevitably, only be felt over a long time.

With a freer market in rents, investment interest in commercial property have markedly revived. First indications of this came early in the New Year when agents began to notice an upturn in the number of inquiries they were receiving from institutional investors interested generally in prime fully let office blocks with little or no reversionary content usually involving sums of less than £1m. but exceptionally up to £8m.

Some of those inquiries have since been transformed into investment decisions and the spread of interest has extended to bigger deals (the largest publicised to date this year was a purchase by Norwich Union of its partners' shares in the New Street shopping complex in Birmingham for £6.7m.) and to a wider range of commercial properties — shops, factories, warehouses, garages and leisure facilities. Matching this investment revival, yields on prime property have moved downwards. Agents who at the beginning of the year were talking of prime yields of 7.5-8 per cent. now speak of 6.75-7.5 per cent.

A true lettings market and examples of recent investment deals have, of course, made the valuers work very much easier. The main problem he faces is in deciding whether or not the transactions recorded are between willing buyers and willing sellers—there is still a large volume of property overhanging the market from developers now in liquidation or those obliged by their creditors to make disposals.

Although the current situation is incomparably better than it was a year ago, no one in the property world is going to feel reassured until they have seen the Government's next batch of anti-inflationary measures.

J.T.

Of all the construction sectors housebuilding has probably suffered most in the present climate of industrial recession and conflicting Government policies. There seems little prospect of early recovery, even with the current strong position of the building societies.

Housebuilding

FOR THE construction companies in general and housebuilders in particular, the past year has been a bad one and the immediate future seems little better. In an industry which has grown accustomed to topping the annual list of financial casualties, recent events have nevertheless managed to shake the entire *construction world and there may* well be more shocks to come.

It certainly seems ironical that in at least one area like housebuilding more companies are being forced into receivership just when the outlook is beginning to show some signs of improvement. On the housing front, the position has been *alarming, with private building* last year down by as much as 50 *per cent. on the previous* year because of the very poor sales position.

The private housing sector has always presented one of the riskiest business area in a very risky industry, but while the small speculative housebuilder has in the past borne the brunt of the failures, the public companies too have fallen by the wayside—such has been the severity of the general downturn in business.

Liquidation

Figures show that more public companies in the construction sector have entered into receivership or liquidation in the past 12 months than at any time in the past ten years or so.

This year alone some of the best-known names in the housebuilding field have been forced out of business and it is no secret that for many others the *situation has been touch and* go. One of the most notable *casualties so far in 1975* has been Bacal Construction, one of *the country's largest* housebuilders. A combination of high interest charges for development land bought at the peak of the market plus losses on fixed price contracts eventually spelt disaster for a company established over 30 years ago and which had grown from strength to strength ever since. A number of the group's subsidiaries may now be sold off as separate entities but at least all the homes *started will be finished, according to the* receiver-manager. Some contracts have already been sold off to other building companies to ensure completion.

Another well-known name among the growing list of 1975 casualties has been Northern Developments, the nation's second largest housebuilder, where a receiver was appointed at the beginning of this month.

However, there is no present *intention to liquidate the* company and it is hoped it will *continue as a going concern.* Last year, Northern reported that liquidity was under strain as a result of a loss in connection with the collapse of the Cornhill Consolidated secondary banking concern. In July last year, the company's borrowings were around £40m., although this level has since been reduced to a little over £30m.

The decision to appoint a receiver was taken collectively by a group of some 18 bankers to the company who had continued to allow it to continue to roll up interest payments and extend existing borrowings in the knowledge that if repayment were *demanded, the* company would collapse and *few of the banks would recover* their money. Group chairman *Mr. Derek Barnes insists that* the company remains profitable, *with a revaluation of the* company's land bank possibly producing a much brighter picture than it did last autumn and sales of homes now looking much better.

For housebuilders generally, the problems have been the same. The problems derived *from the fact that companies* ploughed large amounts of borrowed money into land purchases at a time when this basic commodity was proving very expensive to acquire, but demand for houses was high and finance was plentiful. For some, the construction of actual *houses was unnecessary and* land transactions took place—with big profits taken but no homes forthcoming.

Charges

In a relatively short time, *however, the bottom dropped* out of the land market as houses became more expensive for people to buy and finance from the building societies dried up. Companies left with hefty stocks of land could find no customers, or they at least incurred substantial losses in the process. *They were nevertheless still left* with high interest charges on *the money they had nearly* always had to borrow to finance land acquisition.

In a great many cases it is clear that the banks involved could have stepped in on the companies concerned and taken control but they were only too well aware that to do so would have released vast parcels of land on to the market at a time when nobody wanted to buy them, with the result that far from recovering their money, the banks would have faced further losses.

Only now, when the picture *for private house-builders is* at last beginning to improve—*building societies are flush with* money and wages have again *caught up with house prices*—are the banks beginning to contemplate *the steps which previ*ously they knew to be pointless. The major priority for housebuilders at the moment must be to reduce borrowings substantially if they are to secure for themselves a healthy future.

Not all the construction companies facing difficulties are, of course, *in the housing sector* and the world of civil engineering has not escaped. All too often the plight of the building industry in the past year or so has centred on the housing sector, but contractors throughout the construction world have faced substantial reductions in *workloads and low profitability.* Last year, building output overall was down by estimated eight to ten per cent. over a previously disappointing year and a further fall, possibly of similar proportions, is expected in 1975.

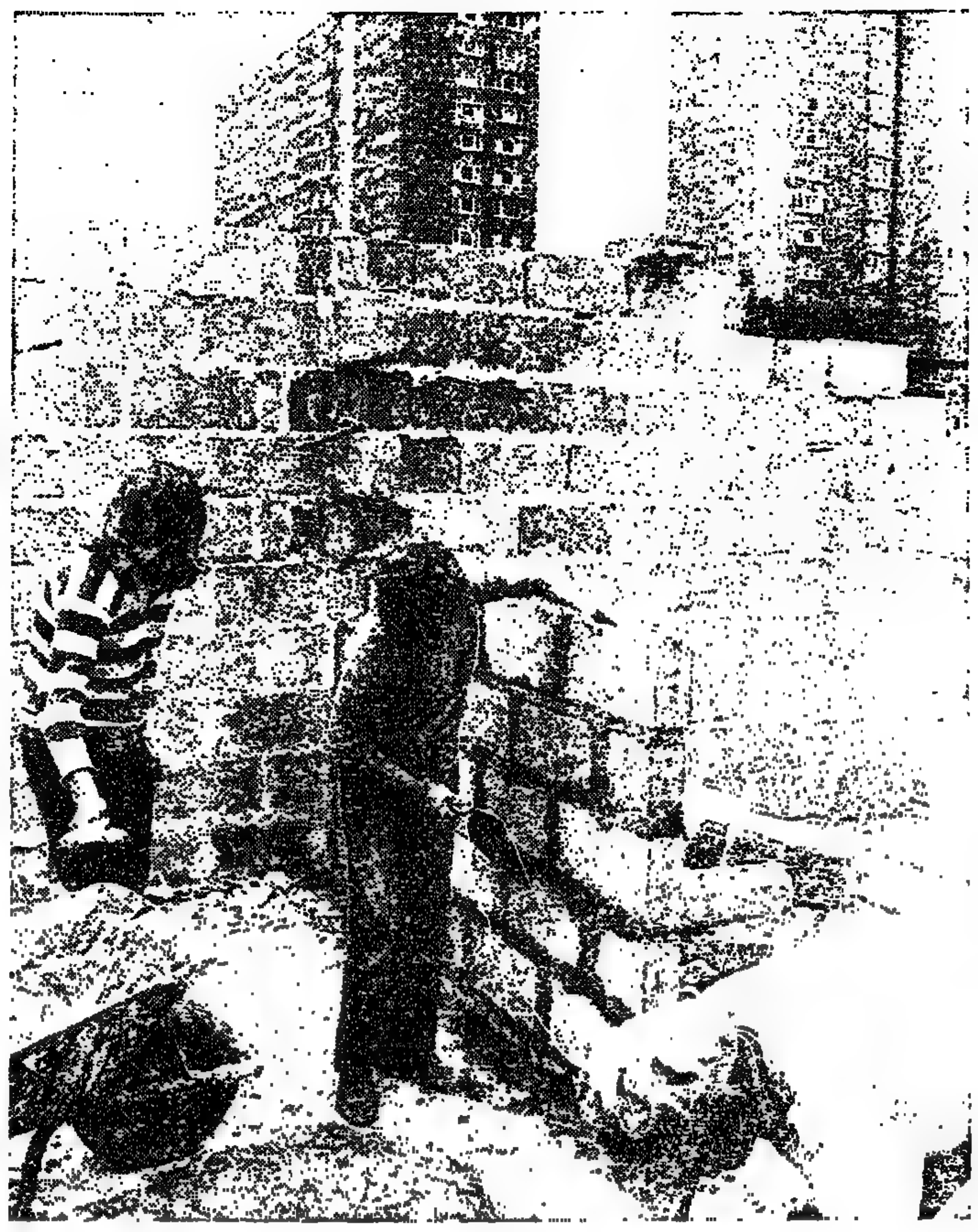
Private commercial and industrial contracts have been suf*fering* particularly and latest figures show that the outlook is *not much better, with com*panies reluctant to invest in *such depressing economic cir*cumstances. On the public works front, which provides the big civil engineering units with much of their business, the picture is one of continuing cuts in expenditure, with motorways particularly hard hit, and further reductions in spending clearly on the way.

One of the companies hit by *these circumstances has been* French Kier, among the country's largest motorway builders. In May, it was announced that the Government was making up to £14m. in grants and loans available to W. and C. French (Construction) to prevent the company becoming technically insolvent and to ensure the completion of around £40m. of outstanding road contracts.

Fixed prices were again one of the major causes of the company's difficulties and have underlined the almost impossible task involved in predicting *price trends at a time when* inflation is roaring ahead. For *French Kier a sticky patch* may be behind it by the end *of its current financial year but* there are other names which have been lost to the construction world for good, like Cox Industries, Greensquare Properties and Lewston International.

What is now of major concern is that if the current slump in construction goes on for very much longer, the repercussions on many more companies—not just those in the building sector but in the equally vital materials supply side—could be severe and longlasting. In May the National Joint Council for *the Building and Civil Engin*eering Industries told Mr. Anthony Crosland, Secretary for the Environment, that if present trends continue for much longer, the building industry as a whole could lose up to 220,000 workers—or nearly 20 per cent. of its total workforce—by the end of this year.

Other representative organisa*tions have emphasised to the* Government that construction *capacity is being continually* lost as a result of the painful and regular contractions to which the building industry is being subjected. When the next upturn in building activity does come, the danger is that another bout of cost inflation will be set in motion as demand rises sharply and materials suppliers are once again left *unable to cope.*



Work on new homes in Cardiff.

Workload

With growing regularity, appeals have been made for closer co-operation between the Government and the industry to see whether or not the building sector's workload cannot be tackled in a more orderly way, with the need for some form of *orderly demand management* an urgent priority. Most of the *answers clearly lie with the* Government, which as the industry's largest single client naturally has a major say in its fortunes at any one time.

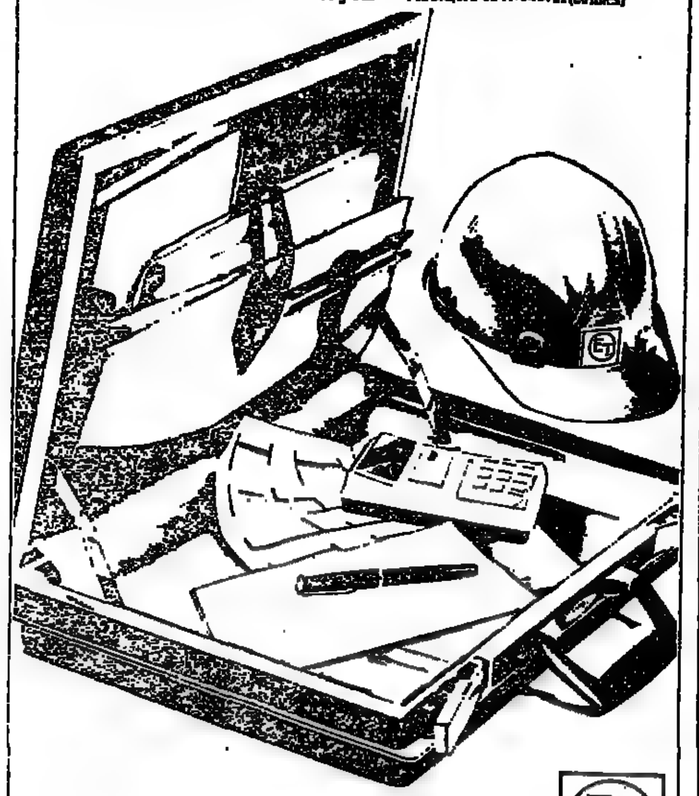
The building industry is of *one voice in claiming that suc*cessive governments have regularly used the construction sector as an economic regulator and have adjusted the workloads according to the overall economic situation. When expenditure restrictions have *been necessary, it is to wide* areas of construction activity that Government departments look to make the sacrifices, but when economic prospects are encouraging, the industry is inundated with work which—purely because of the previous contraction—it is unable to handle.

It is certain that "stop-go" in construction could be significantly *reduced by a more* selective approach on the part of the public sector. A report from NEDO last year claimed that public capital expenditure programmes should in future be assessed in terms of their physical requirements as well as in terms of their monetary value. The Government, it *said, should take action selec*tively to delay or bring forward public sector orders when parts of the industries are becoming significantly overheated or underutilised, whichever the case.

There is also a case for sug*gesting that when private hous*ing is in the doldrums, Govern*ment should ensure that public* housebuilding programmes are maintained at reasonable levels to ensure a continuing addition to the overall housing stock and enable private house building companies to maintain capacity. As for stabilising the expansion of the private housing sector itself, there are encouraging indications that Government and the building *societies are now working to*gether to ensure a more planned approach to progress in this vital field.

Such an outlook will be of little comfort to those companies which have already been forced into liquidation or those others which at this moment are struggling to keep their heads above water. It can only be hoped that, if nothing else, the length and severity of the present building recession will at last stimulate all parties concerned into formulating some course of action which will make recent developments an unpleasant memory not to be *repeated.*

Michael Cassell



The fears and dreams of a concerted Arab onrush on the property markets of the western world have failed to materialise. And while certain Middle East interests may be seeking to diversify their real estate portfolios, there is potential in their own region such as in Cairo and Damascus. They will continue to invest in London and elsewhere, but are likely to proceed with caution.

Middle East interest

IT HAS become clear in the past few months that, however many properties Arab investors buy in the capitals of the West, they will never "make the market" in the way that it was thought for a short time that they might.

A number of Arab investment agencies may well be considering how best to diversify their property portfolios in various Western capitals as part of their overall strategy to fight the effects of inflation with sound long-term investments. But there is, in the opinion of most observers, unlikely to be any Arab "property rush" even if property values begin to move upwards again as the world leaves the present recession behind it.

The most important reason for this is probably that the richer Arab nations are taking increasingly seriously their obligation to the poorer Arab states while at the same time rapidly identifying major property investment opportunities within their own borders.

Even though the amount of surplus oil money has turned out to be significantly smaller than wilder predictions suggested in earlier days, there is clearly still a good deal of money to spend on developments both within the "surplus countries" and in the wider Arab world.

Industrial

In the richer countries vast sums have still to be committed to infrastructural improvements — better houses, hospitals, schools, roads, offices and so on. Land has to be earmarked for the massive industrial projects that are planned and for the service industries that they will unquestionably need.

Beyond this, nations like Kuwait and Saudi Arabia stress the need for the development of Cairo, Damascus and elsewhere. Cairo, for instance, with its large sophisticated population could well challenge Beirut as a major financial capital of the Arab world in 20 years provided there is a settlement of the Arab dispute with Israel and possibly even if there is not.

Thus a number of Arab investors, in many cases advised by British and other estate agents, are putting money into Cairo property in advance of the expected boom. Some British estate agents are also active in Damascus, Riyadh and elsewhere evaluating prospects for what may well develop into prime sites.

There is also considerable interest in the development of new towns, like Suez City, and here again a number of British concerns are assessing possibilities and evaluating projects for Arab clients. Increasingly the emphasis is being put on the need for joint ventures between these Arab investors and their Western advisers.

It is against this background that Arab investment in Western property must now be viewed. Most observers believe that Arab investors—whether nations or individuals — will continue to invest in Western property if the price and the location are right. But, with interests closer to home increasingly pre-occupying them, they are likely to proceed slowly and cautiously.

For there are still a number of factors that make investment in Western property an attractive proposition. First, property is a permanent asset and one which can usually be owned outright so that an Arab buyer does not have to contend with other shareholders, or other major part-owners. Second, property is likely to appreciate in value in real terms in the years to come, especially if the policy of controlling new office developments in major Western cities is continued, as it seems likely that it may be. Third, although short term bonds and suchlike give a much more attractive yield in the short run, over a longer term property will almost certainly be among the most reliable of all investments and it is, as many Arabs readily concede, the reliability and security of investments that will be at a premium when the oil runs out.

Thus a number of Arab investors have been analysing the property market in several major Western capitals with the aim of fashioning a portfolio of important properties in various parts of the world. Kuwait, for instance, is widely believed to be aiming to buy prime property in several major capitals thus evening out the exchange and other risks of which the Arabs are very conscious.

Smaller

Indeed, it is from the smaller nations like Kuwait or the Emirates that most observers expect most property investment to come in the next year. These countries have fewer domestic commitments and smaller populations than Saudi Arabia, for instance, which is about to embark on a heavy programme of investment inside its own country. Thus Government agencies like the Kuwait Investment Office, or private companies or individuals are likely to generate much of the interest.

These activities tend not to be publicised, principally because Government agencies, in particular, take very seriously their responsibility for investing their oil wealth and maximising future revenue. They consider that publicity would not assist them in fulfilling this aim.

However, even if it is difficult to be at all precise about the value of major Western property now under Arab ownership, there have been a number of well publicised deals. These include Kuwait's £91m. takeover of St. Martin's Property Corporation, Abu Dhabi's £36m. stake in the Commercial Union building in London, the sale of the Tour Manhattan in Paris to an unnamed Arab buyer, the purchase of an island off Charleston, South Carolina by Kuwait and the financing by the Banque Arabe International d'Investisements (BAII) of a DM20m. stake in an industrial centre in Frankfurt.

In the search for new areas for possible property investment a number of Arab investors have taken a close look at Canada, Abu Dhabi has been considering Australia, many investors have shown great interest in Paris, Frankfurt, Amsterdam and Rotterdam, and there has been some interest in Japan. The U.S. market is not thought so far to have attracted as much Arab interest as might have been expected partly because of the continuing tensions in the Middle East and partly because of American reluctance to sell to Arab buyers.

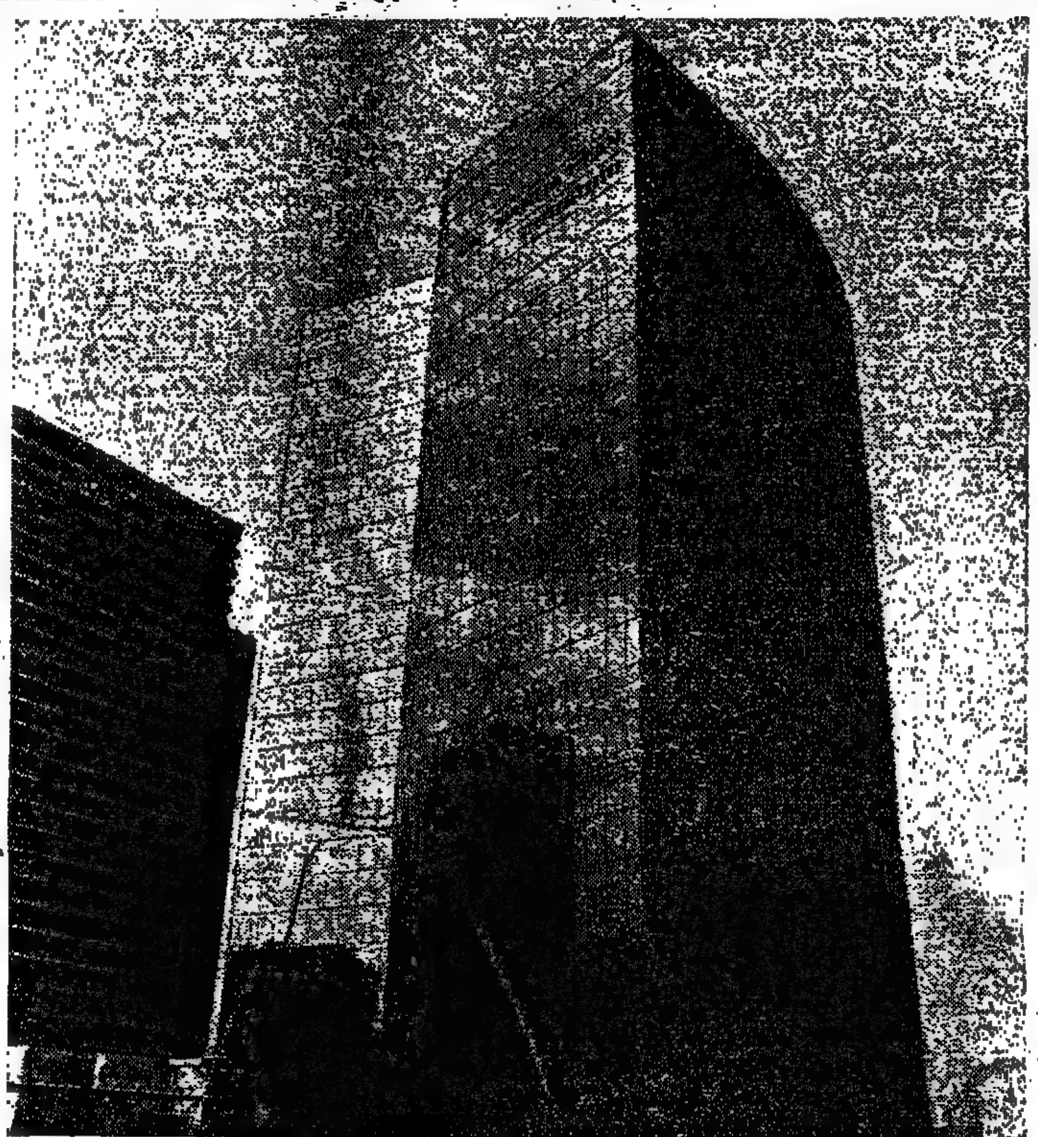
Now the Common Market referendum is over, London may once again attract more interest although for the moment what interest there is seems to be confined largely to the market for private estates, houses and flats in London and the Home Counties.

Arab knowledge of Britain, which springs from the close association between the U.K. and the area through the years, has certainly been one of the reasons why so much of Arab investment has been done through London and it has given a number of the larger British estate agents an opportunity to get closely involved with Arab clients.

These links have strengthened in the past few months as Arab investors have become increasingly wary of less scrupulous or inexperienced entrepreneurs who may not always have been acting in the interests of their Arab clients. This has led to new-found Arab caution and a determination to seek what they believe to be the advice of experts.

As the connections between major U.K. estate agents and property companies get closer it seems likely that more and more Arab property men will come to London to train and that Arab investors will seek to take seats on European property company Boards. For now, as new opportunities are identified and evaluated, few estate agents deny that there are considerable opportunities ahead.

David Bell



The Tour Manhattan in Paris recently acquired by an unnamed Arab buyer. (Photo: Property Investment Review.)

The average industrial company relies heavily on property in its assets base, and making the best use of it is vital. The options open, the main pitfalls and the professional help available.

Company assets

THE ASSETS base of the typical industrial company relies heavily on fixed assets of one form or another. In most cases the most important fixed asset that a company will own is a piece of property; many companies will manage this asset with the aggression needed to match the competitiveness of the modern business world but just as many will not.

However, industrialists who have come to terms with the concept of "asset management" —which in broad terms simply means making the most of any asset owned—will now be patting themselves on the back: their problems when first looked at were extensive but compared with the minefield conditions that face to-day's property manager they appear comparative child's play.

Last year the property market came close to what might be described as total collapse, largely as a result of the failure of a number of fringe banks. Over the period there has also been extensive legislation unfavourable to the property industry. Against this background any company sitting on under-utilised property and hoping to cash-in on its development has had to wait patiently; for more than 12 months now property prices have been weak, rents have been declining and the City institutions—who supply the major part of the demand for property assets—have just not wanted to purchase at any price.

Only last week, Land Securities—Britain's biggest property group—disclosed that the value of its portfolio had been reduced by nearly a quarter from the valuation set in March, 1973. However, in recent months it has become clear that the property skies are at last beginning to brighten. Signs are that prices in certain areas are once again hardening and the specialist firms—the major chartered surveyors — who provide property investment and management advice are once more reporting a steady trickle of customers.

At present a managing director wishing to reorganise his property asset still has relatively few options open to him. Outright development remains an immense problem; and having the right size of asset is still crucial. Where there is institutional buying at present, it hinges largely on Scotland and the South of England, and it tends to start at, say, £½m. and go no higher than prices of around £3m.

Still, having decided to step out into to-day's murky property market the initial move is to get a valuation under way. Once that is done a chartered surveyor can then begin to work over the various options open to his client. Valuation is necessarily a difficult exercise. The condition of the property is important and so too is its location: if it has been purpose built and is therefore not easy to adapt to other uses, this can depress values.

Hotels

Hotels for example are a particularly tricky area for the valuer, and because of the general glut of capacity in many large cities—notably London—quite a number of former hotels are currently making demands on the expertise of the specialist advisers. As a purpose built unit an hotel is hard to remould as a working asset. At the same time there is the difficulty over rent values if occupancy rates are low. On a rough average hotels need to have an occupancy rate of around 60 per cent. in order to break even; thus any percentage below this could imply that a property is, in theory, worthless.

However, once valuations have been carried out a professional adviser can quickly go to work. Broadly, the options open to a property owner break down into four major areas. The site can be sold outright. It can be sold and leased back by its former owners, it can be let or it can be developed.

Obviously a company's decision hinges on a multitude of factors; they include the sort of trade that the property was originally used for and whether the business is growing. There is, for example, little point in negotiating a sale and lease back arrangement (in other words staying put) if in a few years' time larger pre-

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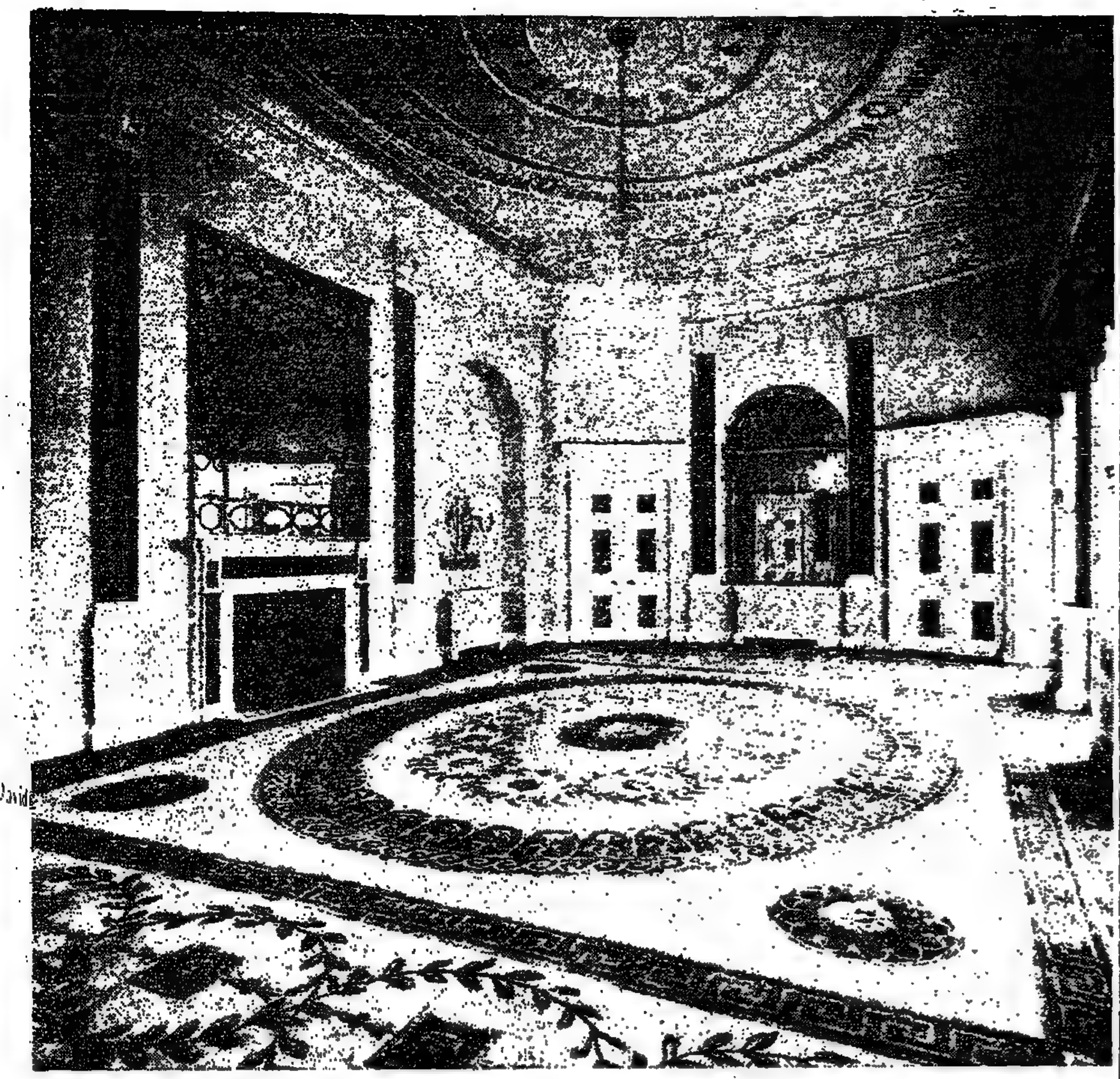

The Great Room of 17, Hill Street, Mayfair, an Adam building recently refurbished by Compass Securities to the original design and colour.

Criticism of estate agents, particularly evident since the house price boom of 1971/73, has resulted in debate on the need for statutory regulations over their activities. However even the two main bodies representing estate agents cannot agree on a scheme of licensing.

Estate agents

"WHILE MOST estate agents *are of good standing and credit* there are some few who are not. They *issue printed forms* containing stipulations which are *most unfair. They get people to* pay them deposits on houses and *then default. There ought to be* tighter controls to prevent these *abuses." Lord Denning, Master* of the Rolls, June 12, 1975.

In the particular case he was judging Lord Denning was the *dissenting voice* but his remarks spell out quite accurately what *is wrong with the business of* estate agency at present.

There can be no doubt that in the minds of most people most *estate agents are rogues.* Indeed, in a poll taken two and a *half years ago on the relative* popularity ratings of several *professions in various districts* estate agents came bottom of *the poll, only* slightly below the ratings for Members of Parliament.

It is difficult to know on proven *fact why* this should be so. If the number of offences by doctors, lawyers and accountants was compared to the number committed by estate agents, the estate agents could well come out of it as the blue-eyed boys. But still the myth persists. It is perhaps easier to understand the belief on questions of sentiment.

Estate agents deal in that product that is the most sacred to the average citizen, namely his home. Most people find it difficult *to understand why or how an* estate agent is justifying his *existence. All he has to do is to* receive instructions, publicise *the property and* sit back until a buyer is found.

In *some cases this is often* true but that is not to brand *all agents as just sitting on their* backsides and doing less than the *owner or possible buyer* could have done. The criticisms *derive from the time of the* great house boom of 1971-73 *when it was possible for an* agent to make a quick buck *for little or no effort. Now that* they are really having to work *for their rewards that position* has changed. Many of those who climbed on the back of the boom have vanished and only *those who can provide a really* professional service have survived even though many of them are in straitened circumstances.

But who did what or when is basically irrelevant to the main issue. (It is, however, interesting to note that according to the National Association of Estate Agents that in the last four years they have had to call only once on the special reserve fund they keep for covering defaulters.)

Behind the suspicion and lack of goodwill is the fact that there is no statutory regulation over the activities of estate agents. You or I could to-morrow open an office and begin trading as estate agents without having any qualification at all. On top *of this there is no code of conduct*—except for those belong*ing to professional societies*—on what is or is not acceptable *business practice.*

Parliament

This is obviously an unsatisfactory state of affairs. At the conclusion of his earlier quoted remarks Lord Denning said: "I wish that Parliament could find time to deal with it." But Parliament has so far failed to do so

There have been efforts over the last 70 years to bring in and pass some sort of legislation covering agents' activities. But not one has reached the statute book. The latest was one in March when Mr. William Hamilton asked in the Commons if the charges by solicitors and estate agents could not be brought under the control of the Secretary of State for Prices and Consumer Protection. He even suggested that these activities be conducted by the local authorities.

The last was a ludicrous suggestion but on the general principle Mr. Hamilton was assured that the matter was being investigated. More recently a motion was tabled proposing that it would be illegal for agents to accept money except where they were covered by an indemnity *deposit scheme.* Whether this sees the light of day remains to *be seen. It is a step in the right* direction but falls short of what *is required.*

Some kind of licensing or *registration of estate agents* is necessary. But even the two *main bodies in the business can* not make up their minds which *would be best. The bodies are* the Royal Institution of Chartered *Surveyors* and the Incorporated Society of Valuers *and Auctioneers.*

The RICS would like to see some scheme of licensing to prove that the agent concerned is covered by an indemnity scheme. It argues that to go *any further* and associate licensing with some kind of academic qualification could be interpreted as restrictive practice and that *legislation recently* has been moving away from this. The ISVA *argues in favour of* "registration" whereby no one *would be able to carry on business* without having proved his *competence. Otherwise it argues* licensing would give a gloss of respectability to those already operating. It would be well if the two professional bodies could come to some agreement and promote legislative efforts in Parliament. Otherwise property advisory business under whatever name will never become accepted as a profession.

Perhaps the greatest area of contention lies not with the house agents but with those concerned with the buying and selling of commercial properties where the figures run into millions. The two professional societies have their rules whereby the extent of an agent's participation in development in his own right is laid down. Basically the rule is that the interests of the client and not the agent must come first. It is, however, an open secret that certain agency firms have got themselves into what is described as a compromising position.

This is another area where legislation is necessary to clear up the doubts. It has also been suggested that some register of the activities of agents in this field should be laid down along the lines of that suggested for the outside activities of MPs. It would include the interests of wives and children as well as the agents themselves.

As far as the two professional bodies are *concerned these* provisions apply to member firms. Those *firms outside their* jurisdiction can and will do exactly as they want.

Joe Rennison

Assets CONTINUED FROM PREVIOUS PAGE

mises are going to be needed to accommodate growing staff numbers. It may also be favourable to try and improve values before any negotiation is undertaken: perhaps a freehold could be acquired, or some form of renovation carried out.

With an *outright sale,* not only has the cost of replacement *to be taken* into account but also the opinions of staff—directors' *wives, for example,* may not especially want to move to such and *such* a town. In this instance a sale and lease-back arrangement may be an answer. A sale and lease-back can also be *important* in terms of raising cash to carry out any urgent renovation; many purchasing institutions allow lessees loan facilities in order to improve an investment.

The market in sale and lease back *operations is beginning to* improve. Average rents on an industrial property run to around 10 per cent. at present with say 7½ per cent. the annual outlay on an office block; thus the money received in the sale will need to earn these sort of returns if the vending company is not to lose money on its deal. Normally, long leases operate on this sort of arrangement, often extending to 100 years and the general tendency is for a five-year rent review clause. However, in recent cases contracts have demanded quicker rent reviews *once a third, say, of a* long lease has expired. The re*cent rapid advances in the* inflation have demanded this.

The shift in rental values around the country can make the sums involved in an initial decision to move from an established location look less attractive; in London for example rents have been declining for some time now. In fact the whole matter of moving has to be costed carefully, and matters like Government grants are not to be overlooked.

The whole process of a business move can take several years to complete, so in an inflationary climate the costing *of an operation needs to be* generously provided with wide margins for changes in relative values. Last autumn MGM Insurance moved to new offices in Worthing from the City after more than two years of planning. Clearly such timescales are shorter if an existing building is chosen as a new business home.

A *cost factor* that has recently grown to relative *importance has been the large* increases in rates in certain *areas of the country.* In the past many businessmen have accepted what the *local rating* officers have asked for; now, *as part of an asset management* service, many specialist *firms find themselves taking the* sting out of rate bills on the basic *argument that a business* is a valuable asset to a community.

Jeffrey Brown

Criticism is at present being levelled at building societies for continuing to build up some very high liquidity levels at a time when the high demand for loans is not being met. However, it is argued that a steady release of funds is necessary as part of the efforts to create a stable housing market.

The building societies

THE RESIDENTIAL property market now appears to be pulling itself out of the doldrums, with building rates perking up and prices just beginning to move significantly for the first time in over two years.

The changing picture is in no small way the result of the substantial changes in fortunes which the building societies have been recently experiencing and just about every board room of every society in the land is now considering how the movement can ensure that the recent encouraging developments are maintained and Britain's private housing sector achieves the pattern of orderly development which everyone seeks but no-one has yet managed to get.

It was at least partially the societies' responsibility that the housing market hit its biggest ever boom back in 1971-72, with the flow of finance and supply of homes badly out of line. People, quite simply, could afford to buy their homes after wages had raced ahead of prices for around two years and the building societies were ready to make all their dreams come true. Too few homes chased too much money and by the time the house builders reacted it was in many cases too late.

Unsold

Thousands of new homes eventually flooded on to the private housing market but the societies were no longer in such a strong position as far as funds were concerned and the houses remained unsold.

The mortgage rate rose in under a year from 8.5 per cent. to 11 per cent. because of the movement's continuing difficulties in attracting investors' funds at a time of generally high interest rates. The builders had erected thousands of higher priced homes which no one could afford and they, in turn, could not afford to build any more until their existing stocks had been sold off.

The message spelt out loud and clear by these recent developments is that there has not been any pattern in the development and expansion of the housing market, too much has been left to chance for too long, and everyone involved—notably the Government, the societies and the builders themselves—must bear responsibility for what has happened.

Now, however, there is some real hope for believing that all these parties are this time concentrating more on determining the way in which the housing market progresses rather than having to take emergency steps to salvage something from a chaotic situation.

House prices generally have now remained at a virtual standstill—with some regional variations—for around 18 months, in itself something of a remarkable development as inflation continues to race ahead but one which adequately illustrates how out of line the market had previously become.

Since the beginning of this year, however, societies have again come to the fore as a major recipient of investors' money and net receipts have, month by month, been hitting record totals which have amazed the movement and which should continue to hold up for at least a little while longer. Few people need telling what has happened to wages in the past couple of years, so in many respects the situation is potentially another in which the market would bear substantial increases in prices, though no one imagines it would be in order of the 1972 increases, when average prices rose by nearly 50 per cent.

It is certainly clear that, after two years of low sales, many at prices which have represented little or no profit for the builders, the house builders will not be encouraged to raise output unless they see the prospect of a fair return on their developments. That prospect is now certainly in sight, if not immediately round the corner, and there are already signs that as prices are moving ahead at an annual rate of over 10 per cent., the building rate is beginning to improve.

No one, however, should expect too much from the builders too quickly. Experience has told them only too often that by the time any houses started now actually arrive on the market for sale, the financing situation may well have taken a turn for the worse and once again they will be left with little or no prospect of getting their money back.

The builders are, on this occasion, also concerned about several pieces of proposed legislation which they feel endanger their livelihood — land nationalisation and capital transfer tax being two of them — but it is the matching of private sector funds to building output which for most of the parties concerned is now the major priority.

Building societies are, at this very moment, coming in for some scathing criticism in certain circles for continuing to build up some already very high liquidity levels at a time when, despite the impressive flow of funds, the high demand for loans is not being met. The societies can reflect ruefully that a couple of years ago they were attacked for pushing out funds without any regard to the effects that such action might have and that, to-day, they seem set to be hauled over the coals for attempting to plan a steady release of funds in their efforts to get a stable housing market.

The fact is that, despite the present situation, societies are already worried about what could be happening to them later this year and they are determined to provide evidence to the Government and the builders that they will, as a result of wise management, be able to provide a sufficient flow of finance to back up a healthy house building programme, later this year and beyond, whatever their experiences at that time.

Limited

There is a fairly widespread consensus that societies will, in fact, find themselves in some difficulties later this year, in respect of their ability to bring in funds. Society executives anticipate a rise in general interest rates but know that the opportunities open to them to keep up with the money market is strictly limited by the interest rates which they are allowed to charge their 5m. borrowers.

The question of the mortgage rate has in the past two or three years become a political hot potato and any Government would be anxious to avoid any further increase in the current rate at a time when every other household overhead is increasing at an alarming rate. There may well be some room for further movement, with the current recommended rate of 11 per cent. having been kept for two years, but the Government is hardly likely to allow much of an increase, possibly by 1 per cent. but not much more.

Far more likely, if the need arises, would be yet another special loan from the Government like the arrangement made last year, which enabled the societies to keep the mortgage rate down and yet provided them with sufficient confidence to maintain reasonable lending levels. Last time, the loan proved to be extremely successful, because competitive interest rates fell back, the societies took in a high volume of funds, and therefore repayment of the Government's loan provided no major obstacles. Whether it would again is wide open to debate.

The other course open to the Government would, quite simply, be to prevent societies from adjustment rates upwards and do absolutely nothing else, a move which would force societies to shut off lending and merely operate at low levels with the finance which becomes available from existing borrowers' repayments and the funds at present help in liquid reserves.

It seems unlikely, however, that the Government would permit such a situation to arise, for the two sides have in recent months come closer together than ever before in their mutual efforts to plan the nation's private housing programme. Some societies may complain that the last thing they wish to see is continuing Government involvement in their affairs, but there would be few who could argue that, if between them they can achieve the stability which would be in everyone's interest, a joint approach is not the right way.

Michael Cassell

Suburban housing: view over Tolworth, Surrey.

Property bonds have experienced a difficult period over the past couple of years but business has now begun to pick up slightly. They remain, however, a risk investment.

Property bonds

WHEN THE City of Westminster Friendly Society launched the first property bond almost a decade ago, it was put forward as and looked upon as a "middle-of-road" investment, which might not perform as well as an equity bond, but would be considerably more secure for the cautious investor. This was in the days of the "equity cult," but once equities were revealed as not providing an automatic answer to inflation, property bonds took over as the average investor's way of achieving growth with security. Bond funds also grew dramatically in size and numbers, dominated by the "big three," Abbey Life, Hambro Life and Property Growth.

But in 1974, property started its nosedive; the reputation of the industry was weakened by the property machinations of Nation Life; and all the latent criticisms about fair valuation liquidity and protection of the investor sprang to the surface. More recently, however, unit values have begun to improve and the property bond oriented companies are starting to report that single premium sales are picking up.

But 1974 was a very tough time indeed for companies which had previously been used to a large inflow of single premium business and there are now audible sighs of relief that the worst is over. In its latest report and accounts, Abbey Life for example, pats itself on the back for having met all its cash commitments in a falling property market and reckons that having kept an even keel in 1974 it could survive anything. The judgment is therefore, that the "property bond concept has clearly come of age" and "Long term soundness under all economic circumstances is now beyond question."

I would not go all the way with that judgment for the key to Abbey's ability to survive 1974 was the decision to stop buying property in the late summer of 1973 and to build up cash reserves. This enabled the company to get through most of 1974 without being forced to unload property onto a market which was already dead. The picture is brighter for property now. Abbey expects the unfreezing of rents to increase rental income to the bond fund by 80 per cent. over the next two years. But I cannot help thinking that in the end, the value of industrial and commercial property is dependent on general economic prosperity and that the 1974 crash was a blow to the previous aura of infallibility which property possessed.

Retired

I certainly do not think that I would advise anyone (and particularly retired people) to put all their money into property bonds linked to income withdrawal plans. But I do think that property has a role to play as *part* of one's investment strategy. This means that while a well-heeled investor might invest in a property bond as part of his overall investments, a poorer investor (without the ability to achieve a spread) might be better off with a managed fund bond or regular premium policy where he would benefit from investment in property without being totally committed to it.

However, one major advantage property investment possesses—even after the 1974 slump—is that bondholders have had a much smoother ride than would have been the case in equities. According to *Planned Savings* figures to June 1, the worst performance over 12 months was minus 39.1 per cent. and the general level of loss was well within 20 per cent. But of course the rub comes when the performance over the past six months is compared to that of equities. Recorded gains are pretty miniscule and there are still some sizeable losses being registered. One really has to go back five years to see worthwhile performances (plus 54.8 per cent. for Irish Life).

But at that time there were far fewer bond funds in the running and, in any case the valuation of properties is less exact than establishing a price for a share on the stock market. The property bonds tend to object to this sort of comment

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The whole current approach to property valuation has come in for criticism as sharp fluctuations in the market have underlined the need for a more standardised approach—and greater disclosure. Apart from doubts over its technical base, the very usefulness of valuation has come into question.

Valuation questions

A Queen Anne house at Houghton Regis, near Dunstable, Beds., recently acquired by the Dalgety Group for its own occupation.

THE SHARP fluctuations in property values and sudden changes in property market conditions over the past three years have *highlighted many* difficulties inherent in property *valuation—and underlined* the need for some form of *standardisation of approach,* as well as greater disclosure. At the *same time, criticisms have been* made of the whole current *approach to property valuation.*

The widely different *approaches to property* valuation adopted and the anomalies resulting from these variations have led to the preparation of various outline codes of standards. At present these are without any legislative backing except in the case of insurance companies under last year's Insurance Act. In general, all the present law says is that if there is a significant difference between the market value of property assets and the balance-sheet amount it should be disclosed by directors. All that directors at present are obliged to state is that the properties are worth more than the book value, but they are not required to quantify the difference, though an increasing number, of course, do.

The attempts to fill this legislative gap have concentrated *on the frequency of valuation,* the basis and procedure, as well *as the need for the assumptions* and distinctions between different types of property to be stated clearly. Thus problems have been caused not merely because valuation is essentially a matter of individual judgment but also because there is no such figure as the one and only value for a property—it depends on the question asked. Is it being valued only on an investment basis, or to take *account of any development* potential?

The first attempt to clarify these points came from the *Stock Exchange two years ago,* when after consultation with the relevant professional bodies it revised the "Yellow Book" covering the disclosure of information from companies seeking a quotation or issuing circulars. This was a welcome step forward and involved, for example, the need to distinguish *between completed properties* and those in various stages of *development.*

The next stage was the publication in February, 1974, of Guidance Notes on property valuation by the Royal Institution of Chartered Surveyors after lengthy consultation on a joint working party with the Institute of Chartered Accountants *in England and Wales.*

The Notes recommend that all property valuations to be disclosed in directors' reports or accounts should only be on the basis of existing or alternative use value. Moreover, valuers *should take account of open* market deals in similar property. *The lack of evidence* here has been one of the main problems about valuing over the last 18 months. These two approaches can produce differing market values for a company's property assets so where this difference is material the valuer should quote both figures. The Notes do, however, suggest that the description "going concern" basis should no longer be used in relation to a separate valuation.

The Chartered Surveyors also suggest that directors of property companies should consider the advisability of obtaining independent valuations annually—covering all properties. An annual valuation is, of course, a mammoth undertaking for a big property company but the *compromise of, for example,* valuing a third of the portfolio *every year—as MEPC did up* to last year—is not really satisfactory *since shareholders never* know an up-to-date, full asset value. Similarly, it is not really acceptable to apply a generalised annual percentage increase to the previous valuation.

Realisable

The Notes suggest that such *valuations should follow the* breakdown of the Stock Exchange's Yellow Book—namely properties occupied primarily by the company, those held for investment, in course of development, held for future development and held for disposal. And where valuations are to be included in the accounts of a company, property in course of development or not yet fully let should be valued at its *realisable worth in its existing* state. This has been a widely *discussed point since in the past* many leading companies have *preferred to include developments* at cost until completed *and fully let.*

These Guidance Notes have generally been regarded as a useful step in the right direction and their publication was accompanied in the spring of *1974 by the establishment of an* Assets Valuation Standards *Committee of leading surveyors* to help maintain property standards. This committee has established close contacts with various bodies concerned with property such as the Stock Exchange and the Takeover Panel, as well as Government departments.

One of the main topics with which the committee has had to be concerned has been property bonds—especially following the *Nation Life affair* last spring. In August the *committee published a series of* further guidance notes specifically for valuers of property bonds—stressing the need for the total independence of the valuer from the fund and for valuers to base their assessment on open market value, taking developments in the state they are at on the date of valuation.

These Guidance Notes were generally welcomed, and have been accepted in almost every case. Insurance companies as a *whole were faced with new regulations* in February under the *1974 Insurance Companies Act,* and these were in line with the *Institution's Guidance Notes on* valuation—for example, requiring that land and buildings can only be taken into account if a *member of the Chartered Surveyors* or of the ISVA has *valued them during the preceeding* three years on the basis *of a sale in the open market.*

It has been argued that regulations on the frequency and basis of valuation should be extended to other classes of company. And although property valuation appears a strong candidate to come within the scope of any future Companies Act, many in the industry believe that a voluntary code is more effective and flexible in *practice. There have, however,* been calls for greater disclosure *of information on the detailed* assumptions underlying *valuations.*

But apart from the questions *on the technical basis of* valuation, there has also been considerable discussion recently over the usefulness of valuations as such, particularly in the rapidly changing situation of the last few years. On this view, there is *still* insufficient evidence of an adequately wide range of properties — *large buildings and reversionary* investments and development sites as well as small rack-rented blocks — to justify full *revaluations. This scepticism is* reinforced by uncertainties on *rent levels. It is further argued* that statements of asset values, *which anyway fluctuate,* are of less real meaning to shareholders than some indication of future rental income and the reversionary pattern.

Another level of criticism is the *view* — expressed most cogently in a recent brokers' *circular from W. Greenwell—* that the valuation methods used *by surveyors are often based on* assumptions that are implicit and unquantified and tend to ignore movements in other capital markets. The consequence, according to Greenwell, is that valuations last year did not fully take into account the collapse of fixed interest and equity values. This may have been a partial cause of the drying up of the direct property market during 1974 since the valuations bases used caused property to be offered *at unrealistic prices. This situation* has, of course, changed *over the last few months.*

Peter Riddell

Bonds

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(and there are counter-arguments *when one remembers* the jobbers' role in the stock market) and fund valuations are measured not only by the *managers but also by independent* firms of surveyors.

Still, it is very difficult to value property when the *market is static and there are few* real tests of value. This was the *case in late-1973 and 1974* when initially most of the test *cases could be dismissed as* "special" and there was a *notable reluctance to value* properties downwards to any significant degree. The *answer* to criticism on this score *generally boiled down to the* "view of the independent surveyor," but there was also the feeling that just as upward *valuations had been on a* conservative basis in the heydey of property, it was *only fair* that there should be a degree of conservatism *in the* downturn. But then there is always the question of maintaining an equitable basis between incoming and outgoing bondholders and it is difficult to escape the conclusion that property funds can only be properly measured over a very long term.

'First class'

For one thing, no one has ever explained to my satisfaction what a "first-class" property consists of. When Abbey first entered the property bond scene with Hambros as its property managers, the definition of a first-class property was an office block on a prime site in the City. City of Westminster, on the other hand, had *established itself in the smaller* properties which were of little interest to pension funds and insurance companies. COW was eventually labelled with a "fish-and-chip" shop image (this no longer applies for there has been more than one change of management since). But then it is equally true that City office blocks with acres of square footage were not exactly hot properties last year.

Alternatively, Property *Growth has established its own* definition of a first-class *property which is something on the* lines of a medium-sized office *block in a prosperous region.* And then there are a couple of funds which put most of their eggs in one or two "prime" baskets and have been very exposed as a result. Finally, property bonds in 1972 and 1973 became heavily involved with financing property development and there was a widespread conviction at the time that this was an inevitable ride to riches.

But there always were doubts about what a half-developed hole in the ground was really *worth during a slump in* demand for property and several *bond funds must have* learnt some salutary lessons *about the importance of not* being over-greedy during a *boom. Certainly one is unlikely* to see a repetition of the great *rush to put money into property* at any cost which happened *during the last boom. Property* is an investment which is not readily liquid and it is therefore essential for bond funds either to keep a substantial liquid reserve or to make other cast-iron arrangements for meeting a sudden influx of redemptions.

The key to the future of property funds at the moment *is the build-up of regular* premium policies which represent saving rather than a lump-sum investment in the hope of a quick gain. The managed fund concept which uses property as one of the three legs of its investment policy also has its advantages. But the ultimate message after 1974 is that property is essentially a risk investment just like equities.

Christopher Hill

There has been a steady drift of companies from central London to the suburbs and Home Counties, with a consequently disproportionate rates burden on firms remaining in their City headquarters.

London drift

IF PRIME office yields in the City of London have risen from 5 per cent. at the peak of the property boom in mid-1973 to to-day's widely quoted 7½ per cent.—and if rents achieved have fallen by between 20 and 25 per cent. in the same period —City developer-landlords can be excused for their current mood of dejection.

If landlords are unhappy then conversely tenants should be happy. But this is not so. Tenants generally are wearing even longer faces. While asking rents for new and refurbished buildings are generally less than they were in 1973 and 1974, rents for older premises where leases are being renewed "post-rent freeze" have soared to levels double and treble those which tenants had been paying. In more buoyant times, tenants would absorb these increases into their overheads without too much fuss. But coming as they do, on top of frightening rates bills of as much as £6 to £7 per square foot in prime locations, the higher rents are forcing tenants to reduce their space requirements and sub-let the surplus or move out altogether. There has been even space to let in the Stock Exchange itself—a worrying phenomenon.

If the outward flight from the City becomes an epidemic (and to be fair there is absolutely no sign of this happening yet) London could find itself in a similar position to bankrupt New York where property taxes in real terms have decreased as companies have voted with their feet. Already City firms are being clobbered unfairly. As James Keith, the City's rates chief put it: "The City is expected to pay a completely disproportionate share of the cost of running London. For the third successive year I am having to announce a massive increase in rates, in fact, the largest increase ever."

With the Left-wing politicians hitherto having so much sway in the Wilson Government, the City's pleas for some relief from the rates burden have been ignored. Nevertheless the CBI is still campaigning vigorously to the Layfield Committee which is examining the long-term future of local government finance.

Underlying the whole problem of declining City rents is the fact that repetitive white collar jobs in the banking and insurance world have been increasingly "exported" from the City to the London suburbs, Home Counties and even as far afield as Manchester, Ipswich, Swindon, Bournemouth and Bristol.

The Location of Offices Bureau list of decentralised office jobs reads like a list of the Top 100 U.K. Companies. The 1,500 organisations which have decentralised part or all of their 140,000 office jobs include names like the Automobile Association (to Basingstoke), Barclays Bank (Knutsford near Manchester), W. H. Smith and Son (Swindon) and Wrigley's (Plymouth). And there is still more in the pipeline: Cooks Travel and Pearl Assurance to Peterborough, and part of Hambros Bank to Brentwood.

Fringe

For better or worse the City and, to a lesser degree, the West End are only retaining those office jobs which can only be efficiently carried out in London. Even the foreign banks who fuelled the escalating rents push in the late 1960s and early 1970s in their rush to get a slice of the exploding Eurodollar market are being forced out of the "City Proper." For example, the American controlled Chemical Bank is moving its European HQ to the new Arundel Great Court office-hotel complex in the Strand. Morgan Guaranty Trust Company of New York has gone "City fringe" by deciding to take a lease of a 103,000 square feet office block which forms part of Ravenseft's huge shopping and office scheme in Stratford, East London. Chemical Bank are paying less than the £15 per square feet asking rent for their 90,000 square feet—but just how much less is being kept secret. In more bullish days, a rent of £18 or even £20 for such prestige, air-conditioned space would not have been unreasonable. In the Square Mile itself an £18 rental is now an event.

A recent analysis revealed that the asking rent for office suites ranging up to 5,000 square feet in E.C.3 was down to £10 to £13 per square feet and as low even as £4 for "down market" space in E.C.1. Large offices in E.C.3 in the range of £15 to £18 have been slow to let because would-be tenants have been able to "shop around."

According to City agents, Richard Saunders and Partners, there is currently in excess of 3m. square feet of City space available.

In this context "City" extends to Holborn and Southwark. Precise figures on "availability" are almost impossible to obtain because some buildings are marketed before they are ready to move into. It is safe to say that in the West End there are more "To Let" boards displayed now than any year since 1969-70. As in the City, the West End vacancy levels are being caused by high rates (but still only half those of the City) and a downturn in business prospects and profitability. Just as there has been a huge shake-out in the stockbroking community in the City, there has been a chilly wind whipping through the advertising agents and public relations firms in W.1. The rent freeze kept many firms clinging on during 1974. But once the freeze ended this year, it was "trade down" or get out. Last September the Institute of Practitioners in Advertising member agencies employed around 14,900 compared with 22,000 in boom days. Now the numbers have possibly dwindled to around 13,000. Scores of agents have been moving to cheaper accommodation or sub-letting in a bid to recoup some of their higher overheads. Like the stockbrokers, advertising agents have been merging and relocating to a single address. At the peak of the property boom some of the larger agencies were making a tidy profit from sub-letting in their Mayfair haunts—but not any longer. Agencies are not tempted, however, to move to places like Croydon, Hammersmith or Sutton because rents in these areas have continued to move upwards and now the differential with West End rents is not large enough to justify the sacrifices that have to be made in travelling time, quality of personnel, etc. There is at least 4m. sq. ft. of office space available or under construction in outer-London and the south east counties—all suitable for decentralised firms. And the developers and landlords who control this space are highlighting the cost-savings that can be made by employees not having to commute. Before inflationary wage settlements hit British Rail, it was "time-saving" rather than "money-saving" that was the attraction of decentralised space. Now the accent is very much on "money saving."

Institutions

Institutional investors apparently believe the flight to the suburbs and Home Counties is here to stay and have been paying prices that reflect yields nearly equivalent to those prevailing in the City and West End. An attraction for the institutions is that units of decentralised offices can be acquired in the £1m. to £2.5m. range. In the present economic climate most institutions appear reluctant to acquire property in excess of £3m., even if the covenant and location are good.

Shops, meanwhile, have fared better than offices—both from the letting and investment points of view. Wages have kept ahead of prices with the result that spending volume has not shown the expected decline. However, because of reduced profit margins resulting from inflation and Government controls, retailers have been extremely reluctant to pay higher rents, and also high premiums when leases have been assigned. Secondary positions have shown a marked drop in popularity. Fears have been expressed that Chancellor Healey's recent attempt to halt the purchase of luxury goods by higher taxes will lead to some rationalisation. With few exceptions this rationalisation has not yet begun to take effect. On the other hand some of the large multiples have cut back severely on their expansion programmes.

Industrial property, especially warehousing, has been in surprisingly brisk demand over the past 12 months and rent levels in the south-east have stayed around the 80p to £1.75 mark for modern buildings with good motorway connections. There have been lettings at around £2.25 in the London area but this figure usually applied to mixed offices-warehouse schemes.

While demand held up in 1974, it seems there could be quite a dramatic fall this year. Order-books are dwindling fast and unemployment is rising rapidly. City agents, Chamberlain and Willows, probably the leading industrial agents in the U.K., say inquiries for new space are down by about 14 per cent. compared with last year. But lettings are still taking place, especially in small to medium-sized single storey factories and warehouses, well planned and situated in key locations, where landlords are quoting reasonable rents.

Significantly two of the best performers among the publicly quoted property companies have been Slough Estates and Percy Bilton who tend to specialise in industrial property.

Kerry Stephenson
Editor, Estates Gazette

An unprecedented air of economic confidence is developing in the North-East, an area well-placed to take advantage of the North Sea oil windfall. Demand for office accommodation is not being met but rents are still low.

The North-East

WHEN ECONOMIC ills hit Britain, it is normally the North-East that suffers first and worst. This time the pattern is not running true to form: one of Europe's most up-to-date shopping centres is nearing completion in Newcastle upon Tyne: the Japanese are investing £10m. in setting up a plant at Peterlee, and Washington New Town is proving to be perhaps the country's most successful attempt to create a thriving new community.

The North-East, it seems, has learnt its lessons. The depression which Jarrow epitomised, and is still slowly emerging from, had long-lasting effects on the whole area, but now the tables are turning. North Sea oil has brought a new dimension to the North East, extending the shipbuilding and heavy engineering industries on which it has always been so dependent. The growing trend toward decentralisation has sent new business north, particularly to Newcastle, where the office supply is reaching dangerously low levels.

Credit

Much of the credit for the area's increased prosperity must go to the North of England Development Council. Although this body's responsibilities cover the entire northern region, its headquarters is in Newcastle and many of its successes have been accomplished in Tyne and Wear and the rest of the North East. At the beginning of the year the NEDC mounted a vociferous campaign to persuade the Government that the headquarters for the new National Shipbuilding Corporation should be established in Tyne and Wear. It termed it "the only logical choice" and put forward such a convincing argument that it is now agreed that the county will receive the 300 or so jobs that the NSC will initially create.

The employment potential is not the only attraction, however. "Of at least equal importance to the county, and to the north as a whole," explained the NEDC, "is the prestige and national recognition that would come from locating the NSC headquarters in Tyne and Wear." The area is anxious to throw off its poor-relation image, and the NEDC, now organising high-powered trade missions to places as far afield as Japan, the Middle East, and even Russia, is doing a very effective public relations job on behalf of the area.

In Newcastle upon Tyne, capital of the North East, a new image is already being achieved. Long established as a commercial centre, with a purpose-built, though small, business sector, the city is now benefiting from being the metropolitan city of the metropolitan county of Tyne and Wear. At the outset this meant a high demand for office accommodation as the new authority took up residence. Commerce followed, with the result that the supply of new office accommodation is not keeping up with demand. One local agent estimates that the take-up rate in Tyneside is about 150,000 square feet a year, with just over that amount currently available. Projects under construction and due to be completed within the next two years account for only a further 278,000 square feet of accommodation. Developers have been just as wary about Newcastle as anywhere else in the country, and no major schemes have been embarked on during the last 18 months. An office drought seems inevitable. Rentals must then move above the £2 per square foot barrier which currently prevails in the city.

Asking rentals for new office accommodation vary between £1.15 and just under £2 per square foot. For any company paying London rents and rates that figure sounds temptingly low. One major company that found it quite irresistible was the employment agency, Alfred Marks Bureau, which recently transferred its wages and customer accounts department from London to a 22,000 square foot office development in Newcastle. This is Cuthbert House, part of the All Saints office area which has been developed by the council and Ravenseft, the Land Securities subsidiary. Plans are that the 14-acre site will eventually provide 635,000 square feet of offices, just next to the Tyne Bridge.

The bridge is testimony to one reason why companies are prepared to risk leaving London for the North East—it offers excellent communications. The A1 provides an efficient link between London and Newcastle; British Rail can do the journey in under four hours; Woolsington airport is only a short distance from the city, and for shipping to Europe the Tyne ports are as good as any.

Work is about to start on a rapid transit system for Newcastle itself the escalating cost of which is currently estimated at over £135m. Much of it will be based on existing tracks, but it will extend to the peripheral areas such as Jesmond, and should encourage commercial development to spread out a bit further from the city.

Passengers

The new metro will be able to speed passengers to Eldon Square, once Newcastle's only Georgian square, and now site of a massive shopping centre. Developed by Capital and Counties Property Company, in conjunction with the city council, Eldon Square is several steps ahead of C & C's well-known Victoria Centre in Nottingham.

The £50m. development is right in the middle of the city's main shopping area and incorporates extensions to some stores that were already present. The emergence of the development, with half-a-mile of covered malls, has not been a painless process. A strike among construction workers hampered the original programme, but now the first phase should be trading at the beginning of the New Year, and the second phase by Easter.

Retailers were unsure about Eldon Square at first, although there is no disputing that it is a prime development in a prime site with a population of some 2.7m. coming within its catchment area. It was the developer's decision to insist on turnover-linked rents which displeased some of the traders. One described it as "effectively achieving an annual rent review for the developer," but C & C have held out for turnover-linked rentals, and now the tenants are signing in to the scheme on terms which give the developer roughly 80 per cent. of the going rental for the unit together with a percentage of the turnover above a specified level. If Eldon Square succeeds on this basis, many other shopping developments can be expected to follow its lead.

Newcastle has always had a thriving shopping area, perhaps because it is concentrated on a compact linear route, but the North-East in general is not renowned for its pleasant town centres. It is heavy industry on which the area depends, and armed with all the advantages of Special Development Areas and Assisted Areas, the NEDC is out to attract more industry, of a greater variety.

Gateshead is the headquarters for the English Industrial Estates Corporation, whose Team Valley Estate now covers 700 acres and provides work for 20,000 people. Advance factories are regularly built throughout the region, and tenants are not hard to find. The North-East offers industrialists fairly cheap accommodation, plenty of room to expand, and a good supply of labour.

These qualities recently attracted NSK, the giant Japanese ball-bearing firm, to establish a £10m. plant in Peterlee.

North Sea oil has provided a boost to industry in the area, which is particularly well-placed for supplying equipment, module construction and the fabrication and repairing of rigs. If a Jarrow council plan succeeds, that unfortunate town could at last come into its own thanks to North Sea Oil. The council wants to take over Jarrow Slake, a 113-acre area of mud flats owned by the port authority. It is the only remaining vacant site in the North-East with a deep water facility, and therefore ideally suitable for the construction of oil exploration structures.

On a more mundane level, industrial space throughout the region is by no means in over-supply, but this is hardly reflected in rentals. In Sunderland, new factories are still available at little over 65p per square foot, with 80p-85p per square foot being average for good accommodation in most areas, and new units in Newcastle fetching up to £1 per square foot.

Serviced

In Washington New Town rentals fall within these brackets, but industrialists are given the choice of taking an advance factory, having one built to specifications, or leasing a fully serviced site and building their own. Major industrial concerns which have already established themselves in Washington include Dunlop, Tube Investments, and Philips Electrical. The current population of 38,000 is to be expanded to 80,000 by the mid-1980s, hence the constant need to attract more industry. But Washington is taking things gradually, creating a community with ample leisure facilities as well as employment opportunities. It has learnt from the mistakes of other new towns, but it is also avoiding the problems which have beset the North-East region, and are only gradually being shed.

Patience Wheatcroft
Estates Gazette

Nowhere probably is the dullness of the property market more apparent than in the Midlands. A surfeit of office accommodation and the industrial downturn combine to form a depressing picture.

The Midlands

/ITH OFFICE buildings standig empty all over the Midlands, re industrial units and wareousing market extremely uggish and speculative buildig practically at an end, the tmosphere in the region is loomy at present.

Mr. John Bradstreet, a senior artner in Grimley and Son of irmingham, a firm which is a ember of Property Agents nternational and which handles idustrial and commercial roperty throughout the Midands, feels that the outlook ould be bleak: "Developers are o longer able to let at an conomic return on current uilding costs and the effect is at the supply is going to dry p," he says. He believes, too, at the effect of void rating on ffice buildings could further epress investment. "The effect ill be that there will be far ss speculative development of y sort available and when the emand picks up again in the idlands it will not be possible meet it. This applies to both e industrial and the office arket."

Where Mr. Bradstreet does e optimism for the future in e Midlands is the refurbishent market. "I think this is oing to be a very important ctor of the industrial property arket. When new industrial ccommodation is taken up, and ere is not a lot of it on the arket, the demand will have be met by properties being ld by firms going out of usiness.

"Many of the properties coming on to the market will be itdated and our company es a number of property comanies getting much more osely involved in refurbishent in the future."

Birmingham estate agents ave been finding a continuing healthy demand for small industrial units, particularly from service organisations which are still somewhat expansionist minded. But most have found little demand for the large units. Grimleys sold one unit of 80,000 square feet about 9 months ago but have a "superb" large unit at the Gravelly Industrial Park which has been developed by Bryant-Samuel near to Spaghetti Junction. At present there are no takers.

Adequate

Edwards Bigwood and Bewlay are at present offering units of 5,000 to 10,000 square feet available for immediate occupation on the Elmdon Trading Estate opposite the new National Exhibition Centre, and units up to 80,000 square feet now under construction at the same site, which is also a Bryant-Samuel development. Present rentals for brand new industrial warehousing units in Birmingham and the conurbation are around £1 a square foot, with those under construction to be ready in 12 months' time being quoted at around £1.25. The economic situation may be causing some slowing down on building on the plethora of industrial sites being developed in the West Midlands, but there is an adequate supply of older industrial units available at around 80p or 90p a square foot.

The office market in Birmingham seems to be at a standstill, as in other Midlands cities including Leicester and Nottingham. At present there is 500,000 square feet of new office accommodation standing empty, two-thirds of it air-conditioned and all ready to walk into, in Birmingham alone. There is a further 250,000 square feet of office accommodation in the pipeline to be completed within the next 12 months.

"All developers are falling over backwards to try to let the accommodation they've got and the tenants' ability to negotiate rentals to-day is stronger than it has been for seven years," says Mr. John Bradstreet. Birmingham office rentals for city centre prestige accommodation start at around £2.25 per square foot, rising to about £3, whereas in cities like Leeds, Manchester and Bristol much higher rentals can be obtained.

The office market in Birmingham seemed buoyant until the middle of 1974 with new developments such as Tricorn House on the Hagley Road and Metropolitan House, Bank House, Bristol and West House and the Alpha Tower all boosting the city's supply of high-quality offices. The supply has now turned into a surplus which it will take two or three years to clear and no one is interested in speculative office building in Birmingham at the moment.

The same applies to Leicester where according to Mr. Ian Whyte, a partner in Jarroms, there is probably 1m. square feet of unlet office space at present. "The glut of office accommodation in Leicester is the result of a long history and our hopes that decentralisation from London would bring firms looking for accommodation to Leicester. Instead, they have gone to places like Sheffield, which is an intermediate development area," says Mr. Whyte. "At present we are letting a small amount of office space from time to time but some blocks have been virtually empty for three or four years."

The city council in Leicester has now put a bar on further office building and the hope is that with building costs now so high, present offices will eventually be let at viable rents. Office rentals are between £1 and £2 per square foot at present.

"The industrial and warehousing market is giving an indication of revival at present," says Mr. Whyte, "partly because of the tremendous diversity of industry in Leicester." Units under 5,000 square feet are moving fast and Jarroms are getting inquiries for larger units, though there is not a tremendous amount at present on the market. Rentals for older industrial units are about 60p per square foot and go up to £1.25 per square foot for more modern buildings. Jarroms at present are handling a development by MacKenzie Hill of 225,000 square feet to be let as a whole or in units of 20,000 square feet. Rentals are 75p a square foot.

In Northampton, an expanding town, Mr. Leslie Austin-Crowe, Chief Estate Surveyor of the Development Corporation, is finding the level of inquiries for offices and factories about two-thirds lower than 18 months ago. Actual deals completed are much lower because "a lot of people are holding fire at the moment." Industrial rents have remained reasonably stable at about £1 to £1.25 per square foot and the Development Corporation is just finishing the tail-end of a total development of 150,000 square feet at Round Spinney, with six smallish units of 2,000 to 11,000 square feet to be completed in the next few weeks. Round Spinney is already 80 per cent. fully let.

Northampton is in a much more viable position than other Midland towns, with less than 50,000 square feet of offices unlet at the moment. Grosvenor Estates will be finishing Grosvenor Centre this autumn with 100,000 square feet of office and shop accommodation ready for cocupation. Rentals of around £3 per square foot are being quoted for this and also for the Borough Council's new office development of 210,000 square feet over a new bus station, due for completion in the autumn.

In Lincoln, the general property situation has been "a bit quiet" according to Mr. R. Mountain, Deputy Director of Estates and Industrial Development. There is a substantial office development of 87,000 square feet at Brayford Wharf East, which Prudential have financed, and a further 13,000 square feet of offices recently completed at Pelham Bridge. Office rentals in Lincoln are about £2 a square foot. There is no speculative industrial building at present in the city, but rentals for industrial units and warehousing start at around 65p per square foot.

Reluctant

In Telford New Town, Mr. Bob Tilmouth, Commercial Director for the Development Corporation, has found a lack of confidence in certain industries to commit themselves to take new space. "Lettings are still going at a reasonable rate but there has been a slow-down in demand, though factories under 10,000 square feet are more mobile." The Development Corporation has speculative units from 1,000 square feet up to 37,500 square feet available and some can be doubled in size. Rentals are from 75p a square foot on units at Halesfield and Stafford Park. Office building is just starting in Telford with one block of 70,000 square feet being taken over by the Development Corporation which is sub-letting part at rents of about £1.85 per square foot from September, 1975. A second office block is in the offing at around 90,000 square feet.

Across the region the residential market has been quickening and houses in the cheap and middle price brackets have been selling quite briskly since the spring. Significantly, since Christmas, for instance, Mr. Austin-Crowe in Northampton has made six or seven sites available to builders for cheaper priced housing, whereas in the previous 12 months he had sold none.

As far as industrial and office building is concerned, however, the trough in the Midlands looks like lasting for at least 18 months. Investment in industrial and warehousing units is obviously affected by the situation in the car industrial and ancillary industries. And too many Midlands cities are at present over-officed to tempt further speculative building in that field at the moment.

Eileen Totten

The North West's industrial strength is regarded by property men in the region as the ace in the pack for future development. However the picture is patchy and there is resistance to paying more than £1 a square foot for factory space.

The North West

SOME INDUSTRIAL property developers in the North West have detected signs of quickening interest over the past few weeks. "More inquiry has started to filter through and deals are being done," says Mr. Stan Annison, divisional director of Orbit Developments (Emerson Holdings Group). But the mood is still far removed from buoyant, the general level of activity remains depressed, and the picture overall in the North West, as elsewhere, is an extremely patchy one.

Yet the philosophy of developers in a region like the North West remains buoyed by the belief that only by the efforts of industry can the nation hope to lift itself from the morass. From this it follows, runs the argument, that there must be a significant spin-off for the industrial property sector as firms move from out-dated factories, which the North West still possesses in considerable numbers, into modern buildings ("it would still have been true even if Benn had succeeded in getting his hands on the pension funds," says one North West developer).

In the present situation the industry responds to even tentative suggestions of better times. Spirits have been lifted a little in recent weeks by the view of leaders of the North West Industrial Development Association that the economic outlook shows "certain encouraging signs justifying some modest but cautious optimism for the future."

Many North West developers and agents report a much greater choosiness on the part of clients. "They are paying a lot more attention to the quality and finish of a property," said one Greater Manchester developer. Another reflection of the current climate in the region is a fairly widespread reluctance on the part of clients to commit themselves on the basis of developers' promises of building start and completion dates.

Two years ago it was estimated that construction was in progress simultaneously on at least 100 new industrial estates in the North West. Since then, many regional developers have tended to put the main emphasis of their operations on completing work on outstanding schemes, and there have been few fresh starts of importance. If clients have been tending to put a stronger emphasis on practicalities than promises, then some North West developers in turn have been leaving land undeveloped until such time as a client appears on the horizon. Again, plans for 200,000 square feet of new industrial space in the Bolton area turn on the developer first being able to secure a total pre-let situation.

Younger

Developments involving public investment, as in the new towns, have been making the running at a time when private investment has been lagging and unsure. The example of Warrington, one of the younger new towns of the North West, illustrates this trend. With the first 100,000 square feet on the first employment area at Grange now fully let, the Development Corporation is starting building a second phase of 20 units providing a further 124,000 square feet of factory, office and service space.

Work on the new town's third phase of advance factories, site at Birchwood, is also planned and this area has also been chosen for the Development Corporation's first two advance office blocks providing 59,000 square feet of accommodation. Construction is scheduled to start in December and to take 18 months to complete. The blocks are intended for letting in small units.

Public investment is also reflected in the current upsurge in building advance factory units in the region by the English Industrial Estates Corporation. At the end of May a £700,000 contract was let for the construction of five new advance factories on the Knowsley Industrial Estate, Liverpool, part of the Merseyside Special Development Area, bringing the number under construction there up to nine. Elsewhere in the region three factories are being built at Wigan and one at Nelson. Another nine advance units are in the pipeline for the North West, including another three for Merseyside at Speke, two at Bromborough on the Wirral side of the Mersey, and one each at Lancaster, Burnley and St. Helens.

Altogether the Estates Corporation has developed over 4.5m. square feet of space in the region and an estimated 20,000 workers in a wide range of industry are now employed in the units it has built.

There is evidence of wider interest in existing industrial premises in the North West, a reaction to the high cost of new building at the present time. "There is still reluctance among industrialists to pay £1 a square foot," said a Lancashire agent. But a developer planning to launch out with a new industrial estate at Bolton says he will nevertheless be looking for around £1.40 in 18 months' time when, all being well, the development should be completed.

One of the latest industrial estates in the North West is at Priestley Road, Worsley, near Manchester, where the first phase of an Eldonwall (Town and City Properties) scheme has now been completed. The asking rent is 95p a square foot which agents G. F. Singleton and Co., describe as "very competitive" at the present time. A terrace of units totalling 52,800 square feet can be let as one unit or as eight individual units. "There are very few estates at all in the Greater Manchester area where any advance units are currently under construction and this could well lead to a shortage of available accommodation quite soon," according to the agents.

The belief that the North West could find itself facing a shortage of modern industrial accommodation if the economy shows an upturn is now widely held in the region. But for the time being, in the words of one Manchester developer, "much of the current inquiry is academic because clients are merely sizing up the prospects and holding off until the economy picks up again."

Tom Heaney

New taxes, high interest rates and a disenchantment with the property market in general helped cause the slump in agricultural land prices since the boom years of 1973/4. However there are signs that these and other factors have worked themselves out and a cautiously optimistic attitude is evident, particularly among the institutions.

Farms: a better time to buy

Farm landscape near Lewes, Sussex.

A COMBINATION of factors makes the assessment of trends in farm values a particularly difficult exercise at the present moment. The latter half of 1974 saw the market in headlong retreat from the peaks reached during 1972/73, when the weight of roll-over money avoiding capital gains tax, the interest of the institutions, and the sheer euphoria of the boom drove prices up month by month to a point where £1,000 per acre was the price frequently quoted for good-quality holdings. By contrast, the figures of between £500 and £600 per acre regarded as average at the end of last year make sorry reading for those who had recently invested in land in the expectation of sizeable capital profits.

The reasons for the fall are not difficult to pinpoint. New taxes, a property market in crisis and high interest rates combined to kill any incentive to speculate in farmland for development: agriculturally, 1974 was disastrous; capital transfer tax weakened the fiscal advantages; and as prices wavered the institutions withdrew to hold a watching brief. But have these factors now worked themselves out? During the late winter prices certainly continued to drift even lower in a sluggish market, but the latest indications are of a growing firmness, even amounting to a recovery in some sectors.

Dramatic differences in farm values since 1971 have made a fresh appraisal of the background to investment essential, an appraisal which must take account of the following elements:

1. Land prices can fall as well as rise, and investment in land is not, as previously considered, a guaranteed hedge against inflation—at least in the short term.
2. Prices now vary far more widely and more rapidly than in even the recent past, when differences of only a few pounds per acre spanned the variations to be expected over several years.
3. Only a very small proportion of the country's farmland (estimated at between 1 and 2 per cent.) comes on to the market each year, which means that important valuations for a variety of purposes — taxation, mortgage and investment, for example —depend upon a limited bank of information.
4. The market is in practice finely balanced, for with a limited amount of land coming forward for sale the presence or absence of a small marginal group of potential purchasers can have a disproportionate effect on price.
5. Farmland does not in fact produce a cohesive market, but rather one which is extremely fragmented. In addition to obvious differences in the quality of soil, fixed equipment and housing, there are regional variations, farm size and types of production to be taken into account, together with the all-important question of tenure.

Windfall

Now that development values are to be largely annexed by central and local government under the Community Land Bill there is little prospect of ownership providing the opportunity to gather windfall profits and, to the relief of many farmers, land prices are now far more closely tied to the agricultural potential of the holding. The dangers inherent in land becoming a speculative stock, its productivity insignificant compared with the profits available through dealing, were illustrated all too graphically by the events of 1972-73.

With the speculative froth removed from the market, therefore, what are the likely trends in value? Discounting short-term fluctuations, prices, for a variety of reasons, must be expected to move upwards. First, with over 60,000 acres annually being taken for other uses, demand is being concentrated on a stock which can only continue to shrink. Second, Government commitment to the maintenance of a profitable farming industry means that land prices are underpinned, if only indirectly. Third, in a world where so many are starving, the basic factor of production will be an increasingly valuable asset. Fourth, the recent performance of other investment media has produced a disenchantment that could add fresh strength to the market in land, which is at least a tangible asset.

Beneath these factors lie two further elements which must not be discounted. One is the fact that, as land values fall, farms come within the purchasing power of a greater number of people or organisations, so that at the lower level prices are to a certain extent self-adjusting. The second is the influence of inflation. As the prices of capital goods and services increase land must follow suit, though not at a rate likely to match the current spiral.

On the debit side of values, however, lies the unknown influence of capital transfer tax. Repeal of CTT has been pledged by the Conservatives, so that in the short term most advisers are counselling a "wait and see" approach. Failing repeal, however, the tax (unavoidable, and with far more bite than estate duty) can only have the effect of bringing more land on to the market, either in fragmented units or complete blocks. In almost every case the charge will probably be so substantial that, failing the availability of other realisable assets, a sale of land will be inevitable. But will these "tax-forced" sales be only a gradual trend, or will they flood the market and produce a fall in price? At the moment the first alternative appears the more probable, with prices not too greatly disturbed: clearly, however, CTT can only have a negative effect on values.

Who, in this uncertain situation is likely to buy land? At one extreme small unequipped blocks with vacant possession, or even complete holdings if they are not too large, may be bought by neighbouring farmers to increase the size of their existing unit. The fact that such land coming on to the market may represent a once-in-a-lifetime opportunity for a particular purchaser often accounts for some extraordinary prices in this sector.

Scale

Moving upwards, the buyers of the small to medium-sized farm (say 50-250 acres) are often the members of the agricultural community moving up or down the scale of operations. Those who sold out at the height of the boom but who made no immediate purchase are in a happy position at present, with plenty of good holdings on offer at comparatively reasonable prices. This is also the category of farm which—particularly if the house is attractive—generates interest among those who have made money in other spheres of business. But this presupposes vacant possession. Who are the likely purchasers of the larger farms and that half of the country's land represented by tenanted holdings?

Here the individual buyer is likely to become of less and less importance. On the one hand the number of people with the wealth to pay, say, £¾m. for a 1,000-acre farm is already small, and will probably decrease rapidly. And capital transfer tax, particularly on the larger units, offers few of the advantages once given by estate duty. The same tax allows no concessions to the individual owning tenanted land, and it is in this sector that a reawakening of institutional interest is to be looked for—there have been clear signs during the past few weeks that the City is keenly aware of the opportunities now available.

In the present situation the advantages to the institutions of a move into farmland are considerable. First, capital values are already low and tenanted land may stand at a discount of more than 50 per cent.: accordingly, there is every hope of good long-term capital appreciation. Second, yields have risen significantly. With good farms in the south and east letting for over £20 per acre, a net yield of around 6 per cent. is well within range, and in this band it is now starting to overlap the falling yields from investment in commercial property. Third, the depth of resources available to the institutions means that they are often the most likely purchasers of any really large estate, a factor which gives them a position of considerable negotiating strength in the present sluggish market. Fourth, the management of agricultural property is a comparatively simple matter compared with that for other forms of property investment, so that even if the returns at first sight appear a little slim the expense incurred in achieving them is equally modest.

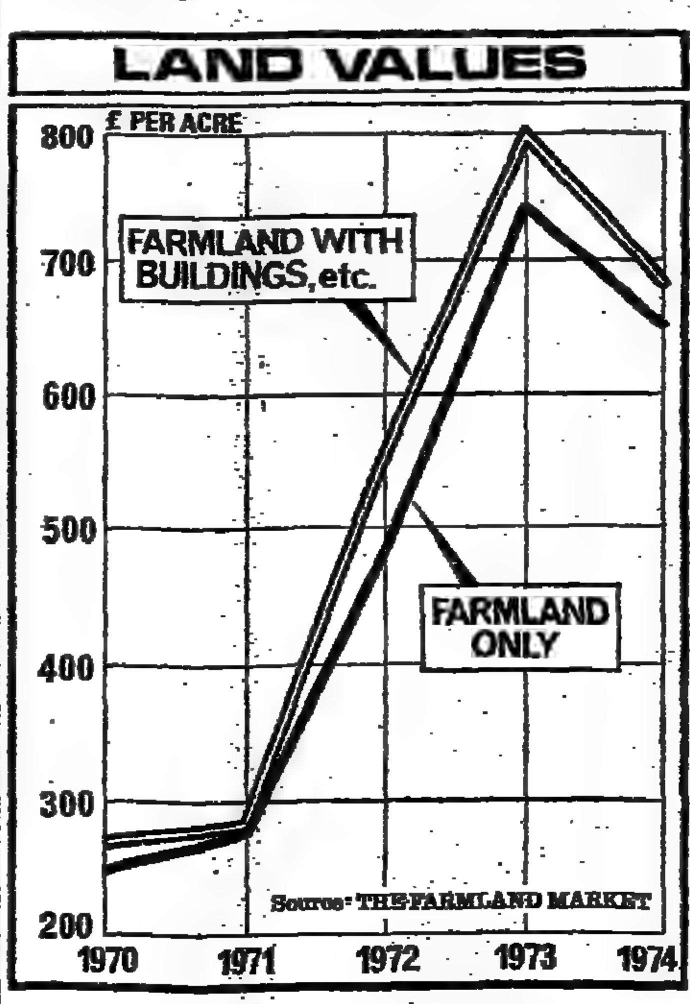
Political

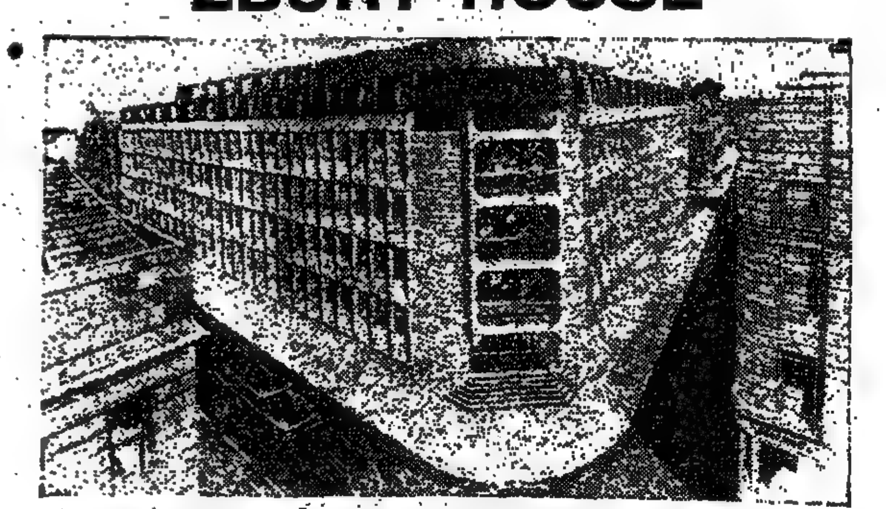
Certainly there are disadvantages to balance the picture. Capital appreciation, in this fluid and unpredictable situation, is no longer a certainty, and expensive improvements or new fixed equipment may be necessary if the farm is to command a reasonable rent. A bad year agriculturally, or a major shift in costs or profitability between enterprises, may mean that rent increases cannot be expected automatically—over the past few years arable farms have been a relatively prosperous and stable investment, while livestock units have represented considerably greater risks. And overall lies the shadow of uncertain political attitudes to land and property in general.

The basic concern of potential purchasers, whether individuals or institutions, is that of price trends. Has the market in fact bottomed out, and is any revival likely to be the basis of a long-term climb? Or do a few firmer prices merely indicate a temporary upward kink in a slump which started almost two years ago? And in another two years will CTT sales overwhelm any likely demand? On balance, however, the cautious optimism now apparent is probably well founded, particularly from the institutions' viewpoint. Despite the collapse of 1974, farmland's capital appreciation performance has been consistently better than that of other investment media taken over, say, a 20-year span. So is now the time to buy?: the answer is, "yes."

John Clayton

Associate Editor, The Estates Gazette, Joint Editor, The Farmland Review





In the first of two articles on price controls, **Sandy McLachlan** examines the retailers' and wholesalers' case for their relaxation

Margins at the centre of politics

THE END of June sees the expiry of the voluntary agreement by food and grocery retailers to hold the prices of certain basic foodstuffs. Discussions are going on between the Department of Prices and Consumer Protection, the food committee of the Retail Consortium, and other interested parties about how this agreement should be replaced.

Although there is only a fortnight to go, it appears that discussions have not got very far. The retailers have put their case, which includes wage costs rising at around 40 per cent. between April, 1974, and April this year and increases in overall costs outstripping the rate of price rises. The retailers have pointed out that voluntary price controls play only a tiny part in the Government's counter-inflation exercise; that they have done nothing to encourage price competition between grocers; and that they coincided with the 10 per cent. compulsory cut in food retailers' margins imposed last year by the Price Commission which—together with cost pressures since—has meant that grocers have little margin left to devote to special price reductions.

Cosmetic

Faced with this criticism the Department of Prices has apparently asked the grocery trade for its idea for an alternative. It would not be at all surprising if the answer to this request was simply "removal," but so far the trade is holding its cards close to its chest and has declined to speak out, asking instead for the reactions of Mrs. Shirley Williams' Department to the case which they have put up.

Apart from their political significance, voluntary price controls are relatively unimportant, and privately a number of officials and even politicians would agree that their effect is cosmetic rather than real in terms of the total counter-inflation policy. But the present discussions are the precursor to the highly important negotiations which will begin shortly about the next stage of the counter inflation policy proper. These will centre on the Price Code on one hand, and on the social contract (by whatever name) on the other, and political "cosmetic" considerations are bound to play a vital role.

The much criticised Price Commission will live on, but statutory authority for the existence of the Price Code expires at the end of March next year. Already industry and government are beginning to marshal their arguments for the tough negotiations which will preface stage 5.

Price controls have been in existence since November, 1972, and the Price Code since April, 1973. In the early days the Price Code was matched by a Pay Code in the same document, but the Labour Government abolished the Pay Code provisions in July, 1974. With the Price Code came the Price Commission which monitors and to a considerable extent controls price increases which manufacturers can charge, and also enforces profit margin ceilings on both manufacturers and distributors according to gross and net profit margin controls laid out in the Code itself.

Because it was designed to control industry at a much more detailed level than had been attempted in the past, the Price Code and its operation has created considerable anomalies. For example, the ratio of profit which manufacturers are allowed was arbitrarily fixed on the basis of their best performance in two of the five years preceding the introduction of the controls. Since the operation of the private business sector is dynamic and constantly moving these arbitrary limits become more constricting and less realistic the longer they are imposed.

With most manufacturers and distributors operating well within the margins imposed by the original Price Code and its successive versions—and that is particularly true of the food and grocery business—there is a strong argument that the controls in their present form have already outlived their usefulness. This argument goes on to claim that removal would not have any significant effect on the retail price index since competitive pressures have taken over from the Price Commission in holding down prices, while the inflexibility and detailed intervention which the code implies prevents companies reacting efficiently to market pressures.

On the other hand, political pressures demand that price controls must stay, even if not in their present form. If one accepts that incomes restraint will be an essential feature of economic policy, then it is only a short step to accept also that this difficult objective would become impossible if controls were taken off prices.

Price freeze

Already, demands for price freezing over a wide range of essential household products have come from sources as diverse as left wing MPs and the chairman of the new National Consumers Council. The prospect could therefore be tougher new controls, with the argument over what form these controls should take.

Connie McCarthy

Mr. John Sainsbury, chairman of J. Sainsbury: a warning that investment in new stores would have to slow down unless price controls were relaxed.

What is at stake is the ability and willingness of distributors and manufacturers to invest in new plant and equipment, or even to replace existing facilities as they are used up or become obsolete. Any short-term political advantage to be gained from price controls must be weighed against the longer term effects on investment which ultimately decides both productivity and prosperity.

It seems reasonable to say that the distributive trades have suffered less heavily at the hands of the counter inflation policy than the manufacturing sector—again this is particularly true of the food industry. The distributors do not have to deal with the Price Commission on increases; they simply pass on the increases obtained by manufacturers, and only run into trouble with the Commission if they exceed their gross or net margin ceilings.

In the early days of price controls the distributive trades escaped control altogether, but last year the enforced reduction in their gross margins by 10 per cent. had a considerable effect on the net profit margin in many cases where the companies were trading near their gross margin ceiling. That however was a once-and-for-all adjustment, and although most big grocery retail chains are operating with net margins well below the 3 per cent. which prevailed before price controls there are signs that profits are beginning to move upwards again.

Even so, food retailers and other distributors do in some cases claim that their investment programmes are being hit by price controls and profit margin limits. These, together with the higher cost of holding stocks and the inability to recoup cost increases in full have seriously affected the cash flow of the big retailing groups.

Retailing is a cash generating business, and many of the big food retailing groups finance the majority of their stocks on manufacturers' money. Nevertheless, the squeeze has meant that there is less money available for new store development, while the restricted returns available reduce the number of viable projects.

Borrowings

Thus a highly efficient retailer such as J. Sainsbury reported recently that its investment programme had been maintained only through substantially increased borrowings. Chairman John Sainsbury warned that this could only go on for so long and that the investment programme in new stores would have to slow down unless there were relaxations in price controls. The equally efficient Marks and Spencer, whose development programme is mapped out well in advance, has already announced its decision "to spread our development programme at home over a longer period so that the company's liquid position should remain strong."

At Tesco, managing director Mr. Ian MacLaurin has gone on record as saying that in the present climate his group is no longer interested in new investment in town centres and is restricting its development programme to superstores in off-centre locations where it can get planning permission.

Not all retailers take the same view. The ABF subsidiary Fine Fare is maintaining its long term plans and intends spending £9.5m. in the current year—although much of this will in fact go on superstores. Mr. Wallace Monaghan who runs Fine Fare emphasises that it is not the size of the capital sum which is important, but the group's commitment to future expansion.

Many big retailers would argue that if they are controlled at the net margin level there is no need also to control the gross and would be content to settle for net margin control even with existing margin ceilings. Their argument in favour of this is that only by new investment in modern large stores can the price to the housewife be kept to a minimum in the long term.

There are several reasons, however, which make it unlikely that retailers will achieve this particular solution—not least that it would not be in the interests of many smaller retailers who are already struggling to stay in business in competition with their bigger bretheren. While the net margin is the main worry of the efficient retailer, the less efficient is more concerned about getting an adequate gross margin. This type of retailer would ideally prefer gross margin control but with more generous gross margin provisions so that he can make a reasonable profit, even if it also means that more efficient multiples are allowed to achieve substantially higher net margins.

Another argument in favour of gross margin control—although one which is not popular with retailers—is that it has made companies more efficient. After all, the net margin is what is left of the gross after all expenses, and this has put considerable emphasis on keeping the level of stocks and staff down to a minimum.

Compromise

The result of the negotiations is almost bound to be a compromise, with some concessions but not nearly as many or as great as the retail trade would like. Some officials take the view that a reduction in retail investment may be a necessary sacrifice for the time being—if indeed such a reduction does take place. So far most retailers have spent more time talking about cutting their investment plans than actually doing it, and certainly the big grocery chains would probably willingly accept the continuance of tough margin controls in return for a relaxation in planning attitudes towards big out-of-town stores, which are still a good paying proposition.

The distributive trades therefore face an uphill struggle to get any significant changes in the controls over them. Such fundamental changes as do take place in the next stage of the counter-inflation policy are far more likely to relate to manufacturing industry, where some sectors (food manufacturing in particular) have been far harder hit by the Price Code and Commission.

Letters to the Editor

Inflation ignored

From Mr. T. Lyttleton.

Sir,—I have heard recently of two claimants whose respective actions have taken four and five years to reach the High Court. Assuming that judgment is awarded in their favour, in each case the plaintiff will receive at least 30 per cent. less than his due in real terms while the defendant, on the other hand, will have benefited by the fall in the value of money and will be paying at least 30 per cent. less in real terms than if he had settled the claim at the proper time.

As higher rates of inflation now prevail it is to be hoped that Parliament will take immediate steps to remove this obvious injustice by introducing the necessary legislation to give the Courts power to take inflation into account when making awards on civil claims.

Trevor Lyttleton.
Flat 18,
33, Bryanston Square, W.1.

Anachronistic coins

From Sheridan Cooper.

Sir,—Mr. C. W. Nottage (June 19) speculates upon the future of the little half-penny piece. This coin, in a time of double-digit inflation is surely an anachronism. As will soon be the one-penny, two-pence and five-pence pieces. I am afraid they will be leaving us soon to join the Great Numismatist in the wide blue yonder. . . .

Sheridan Cooper.
The International Harry Schultz Letter.
P.O. Box 5414,
Amsterdam, Holland.

Social Security Bill

From Mr. T. Layborn.

Sir,—There is little time left to try and persuade the Government to amend the Social Security Bill now before Parliament. Although much discussion has taken place on the terms for contracting out, I believe insufficient attention has been focused on the heavy cost to an employer in regard to preserving the guaranteed minimum pension that arises on an employee leaving service, especially where there is a heavy turnover of labour. It has to my mind been glossed over far too lightly.

A typical case in these days might be in regard to a man entering a pension scheme at age 18 on an initial salary of £1,500 a year, the scheme providing the prescribed benefits for contracting out at the rate of 1/80th of final salary in excess of the base level for each year of service. If the salary and base level both increase at the rate of 10 per cent. per annum, and if the secured pension on leaving service at age 30 was 12/80th of final salary, in excess of the base level, then the employer would need to pay a further sum of the order of £600 in order to secure the balance needed to make up the guaranteed minimum pension increased at the rate of 5 per cent. per annum from the date of leaving up to age 65. On top of this, the employer would have to pay a premium to the State scheme of £878 for covering the excess of the 5 per cent.

Had the circumstances arisen through redundancy, the employer would in addition need to make a redundancy payment to the employee of £800, half of which could be recovered from the Redundancy Fund.

Thus, the employer who at this stage is faced with circumstances which render a reduction in staff necessary, has to face up to a cost of £1,678, or 40 per cent. of this employee's final salary at a time when he can least afford it.

Organisations such as the Life Offices Association, the National Association of Pension Funds and the CIB Society of Pension Consultants should quickly press this aspect on the Government, since there is little time left, and the present terms could mean financial ruin, to those who contract out, in times of recession.

T. A. E. Layborn.
5, Heath Rise,
Putney, S.W.15

Selling short

From Mr. Hugh Manners.

Sir,—Is it not time that there was a more concerted press campaign against short selling of shares?

The market, and indeed the whole country, has still to act on the lesson learnt from last year's collapse. The situation would never have reached its nadir if it had not been worsened by a very small group of speculators encouraged by brokers in urgent need of a bit of commission, and a passive attitude on the part of those who could restrict this abuse of the system.

Stability is an urgent necessity especially in times of rumour (whether reasonable or ill-intentioned) and hyper-sensitivity, and the prevention of the sale of shares not already owned—certainly in an area not difficult to control—would be a real contribution to a less neurotic market. Last time round there were many thousands of victims of short sellers, when restrictions might have kept the index at 200 rather than below 150: must there be a next time?

Hugh Manners.
115 Queensway, W.2.

Post Office pensions

From The Director General Royal Institute of Public Administration

Sir,—Mr. Tysoe responded (June 19) to my recent letter about the Post Office pension fund by stating that "to-day's pension contributions, together with other forms of saving, finance the investment which ensures to-morrow's production." This, I suggest, is much too broad a statement on which to rest a policy of unlimited expansion of pension funds.

Pension fund managers are required to adopt investment policies designed to promote the best interests of existing and future pensioners. They have no responsibility for the future health of the economy, individually or collectively, and if the nation's need should be for risk capital in uncertain times they are quite entitled to say "We pass—we prefer Tiepolo."

The *quantity* of money devoted to the special purposes of pension funds must also be looked at critically. In a recent speech Sir Geoffrey Howe said, on actuarial advice, that:

> "the total monetary wealth which would be required to fund inflation-proofed pensions (assuming the current level of inflation continues) for all current public employees would be the gigantic sum of £350bn. This is equal to more than three times the total privately owned assets in the country, as calculated from the Government's admittedly spurious statistics."

On this basis, or anything like it, the funding of pensions liabilities for all the working population would require financial resources of even more incredible proportions.

May I therefore reiterate the essential point of my original letter? Parliament, in its wisdom, gave the Post Office the clear option of not having a pension fund. If the Board now fails to exercise that option, it and its successors will, I believe, be gravely embarrassed by a financial burden of a serious and ever-growing magnitude. As a further consequence, Post Office staff may also find public pressure mounting for a reduction in their pension entitlements.

Raymond Nottage.
Hamilton House,
Mabledon Place, WC1.

Not the time for debate

From Professor John Vaizey

Sir,—I write to support Samuel Brittan's article of June 19. The time for academic debate about inflation is for the past and for the future. At present the only need is for action and Mr. Brittan, like Mr. Day in the *Observer*, Mr. Jay in the *Times*, and many other commentators, is outlining the course that will avert a threat to democracy as great as any in this century.

John Vaizey.
School of Social Services,
Brunel University,
Uxbridge, Middlesex.

Standard sizes

From Dr. P. Johnson.

Sir,—Referring to Mr. Frank Walton's letter (May 23) concerning standardising the size of bills, I would make the same suggestion for contract notes and dividend vouchers. Dividend vouchers do have some similarity in format but contract notes seem to be produced in all shapes and sizes.

P. A. Johnson.
c/o Acres International,
Apartado Postal 797,
Santiago,
Dominican Republic.

Education vouchers

From Mr. J. Chambers.

Sir,—Much the most interesting sentence in Joe Rogaly's article "The teachers who put education last" (June 3) is that which highlights the need to "give parents a far greater degree of control over which school their children shall attend."

As Mrs. Finucane points out (June 7) the educational voucher would give to them real choice since, under this scheme, schools would not receive their income direct from local education authorities but from parents who chose to send their children to them. Thus Clause 76 of the 1944 Education Act stating that children "are to be educated in accordance with the wishes of their parents" would at last have meaning in all sectors of education.

Messrs. Wicksteed and Copeman (June 14) write from their college of education experience but it is noteworthy that they neglect to comment on the point she makes about the voucher. I also am a senior lecturer in a college of education and therefore in touch both with modern educational approaches and with parents.

Though some may argue that education is too important a matter for parents to decide on for their children others believe it is too important for parents not to decide for their children if they wish. The educational voucher would enable parents themselves effectively to make this decision. Interest in the voucher is growing daily.

John Chambers,
Friends of The Education Voucher Experiment in Representative Regions.
16, Burleigh Gardens,
Weston, Bath.

Very simple arithmetic

From Mr. M. Green

Sir,—A company employing a workforce of 10,000 and paying an average wage of £40 weekly, has an annual wages bill of £20.8m.

That same company might have its management comprising five junior and five senior directors earning respectively on average £15,000 and £30,000 annually, making a total cost of £225,000.

A 30 per cent. wages rise will pump £6.2m., less tax, into consumer demand, whereas directors' earnings, whether current or doubled are an insignificant proportion.

Managing the economy can only be about wages and those spokesmen who glare at directors' earnings need to go back to school.

M. J. Green.
Collingwood, Tanners Dean,
Leatherhead, Surrey.

Redistribution of wealth

From Mr. J. Turner.

Sir,—Why do columnists generally insist on using the term "cost of living index" in a way that is interchangeable with "retail price index." Surely this is now a greater myth than the so-called "social contract."

If it is established that these terms are indeed synonymous, then taken in conjunction with threshold agreements, index linked pay rises and pensions etc., it means simply that a person's "cost of living," so called, is more or less directly related to the size of his income. Here surely is the root cause of compounding of claims and of galloping inflation.

Ironically, it is practically impossible to discover anyone who has even the faintest idea as to how the rpi is compiled and how it is weighted. As no one knows what the social contract really is, equally no one has the faintest idea of what is meant by the hypothetical family on which the rpi is based.

Does anyone really care? Well not exactly, if they are merely concerned about "keeping up with the Joneses and keeping ahead of the Smiths," for in the process of doing this on a percentage basis they come out clear winners—which explains who so many people in this country have never had it so good and will be sorry to see inflation held in check.

If the price of certain basic foodstuffs—heavily weighted no doubt in the rpi—is doubled, then it is a considerable burden on the lower and underpaid. It represents a good percentage of their income. A ten per cent. increase in pay might not cover the rise. By comparison, the extra food bill for a professional man or union-protected factory worker or civil servant might be little more than that of his less fortunate and unprotected fellow countryman. In practice the former group not only puts forward a pay claim percentage-wise on the total wage or salary it draws but claws back the extra tax payable on the increase.

At present this claw-back factor on the basis of 35 per cent. tax is 1.538 and this is the amount by which any claim is multiplied to cover the extra tax involved. This extra tax can only come from profits and unless this is a nationalised industry or local government job then the employer takes a further step towards bankruptcy.

It is absolutely incredible that this idiotic situation is allowed to continue and so long as inflation is turned to profit by a large section of the public there is no likelihood that confidence in Britain will ever return. Of course, the government is playing for time, hoping that a North Sea oil bonanza will get it out of trouble.

We are, in effect, witnessing not the redistribution of wealth but a transfer of means from the not-so-well-off to those who are better off and indeed are so because they belong to that heterogeneous mass of people now being rewarded for their "loyalty" at the polls, or have decided that pocket must come before principles.

John Turner.
1, Merewood Avenue,
Oxford.

Political will

From Mr. W. Grey.

Sir,—Mr. Samuel Brittan's plan of "going for a quick anti-inflationary kill, after which normal growth would be resumed" (June 12) raises one fundamental question—put in an enquiring rather than critical spirit—to which he did not, perhaps because it falls outside his province, give an adequate answer.

He rightly attached supreme importance to fiscal and monetary policy aimed at stabilising the money National Product, within a tolerable margin of error, at end-1975 levels. Presumably, if it was to be a "quick" kill, and we were not to be caught up in the next inflationary spiral (forecast for the end of next year), the whole operation would have to be completed within a year. But suppose, in the course of 1976, we find we have "accidentally" overshot the target by more than the specified margin, what then? How do we avoid reverting to square one?

As Mr. Brittan also rightly recognised, the key factor here, of course, is "regulation of the public sector deficit and the money supply." But what confidence does he have in the success of the one, if not the other, when he knows, better than most, that successive Chancellors — including the present — have got their figures wrong almost without exception? Might not brave sacrifices and pious intentions once again prove to be a will-o-the-wisp? Or what guarantees, other than (say) the wrath of our creditors, can be built into the operation from the start?

I do not mean to damn Mr. Brittan's courage and imagination with faint praise. Basically, as he concludes, it is a question of political will, not easily come by. How do we steel our political masters, whoever they may be, to exert such will in sufficient measure?

W. Grey.
12, Arden Road, Finchley, N.3.

To-day's Events

GENERAL

TUC-Labour Party Liaison Committee meets.

Mr. David Ennals, Minister of State at the Foreign Office, begins a visit to southern Africa *for discussions on Rhodesia.*

British Steel Corporation process workers resume pay talks.

EEC Agriculture Ministers meet, Luxembourg.

CBI gives evidence on public expenditure to House of Commons Select Committee.

International Whaling Commission meets, London.

Strategic Arms Limitation Talks between U.S. and Soviet Union resume, Geneva.

United Nations World Food Council first session begins, Rome.

United Nations Conference for International Women's Year begins, Mexico City.

PARLIAMENTARY BUSINESS

House of Commons Debate on postal ballots for trade union appointments, and on "the preservation of good schools."

House of Lords: Iron and Steel Bill, second reading Housing Finance (Special Provisions) Bill, committee; motion to approve Counter Inflation (Price Code) *(amendment) order.*

SPORT

Lawn Tennis Championships Open, Wimbledon.

COMPANY RESULTS

Davis (Godfrey) (full year).
Joseph (Leopold) Holdings (full year).

COMPANY MEETINGS

See Week's Financial Diary on Page 31.

COMPANY NEWS + COMMENT

Courtaulds strong cash position

THE STRONG cash position of **Courtaulds**, should make it possible to cope with the increasing inflationary pressures on working capital, to repay further sums due from earlier borrowings and to complete the planned major investment programme begun two years, state the directors in their annual report.

The group's cash resources at balance sheet dates (December 31, 1974, in most cases) were at £149m. net, only £1m. less than a year earlier, they add.

While the tight control of working capital was continued during the year no new long or medium term borrowing was made and some earlier borrowing was repaid.

Investment in new fixed assets rose from £91m. to a record of £115m. while the authoried capital expenditure outstanding at year end on March 31, 1975, amounted to £103m.

As reported May 30, pre-tax profit increased from £116.3m. to £125.7m. for the year to March 31, 1975, reflecting an upsurge from £41m. to £79m. in the first six months.

The acute textile recession and the sharp downturn in the group's packaging business has brought about poor trading results in 1975 in almost all sections of the business both at home and overseas. Export prices have collapsed and in export markets restrictions have increased.

However the directors are confident that the setback for the first half of 1975 will be a temporary one and that the group is exceptionally strong in its own field of activities.

Outstanding capital commitments at balance sheet dates on uncompleted contracts decreased from £80.4m. to about £53.1m. for the group. Expenditure authorised but not yet subject to contract was down from £71.8m. to £48m.

Reviewing the year in fibres and textiles in the U.K. the directors say that the volume of retail sales held up better than in most other countries and was only marginally lower than in 1973-74 but stock levels throughout the textile production and distribution system were cut back.

There were no signs of any improvement in this situation at the end of the financial year.

Imports in the last quarter of 1974 accounted for two-thirds of all textiles supplied to the U.K. and domestic demand on the fibre producers fell to 50 per cent. of the previous year's levels.

Members are told that group fibre and textile operations in the U.K. in the latter part of the year made "little or no profit" though other large fibre firms throughout the world were more seriously affected.

Exports and overseas manufacturing activities accounted for sales of £575m.—51 per cent. of the group total. Exports from the U.K. reached a record £285m.

An anlysis of profit, before tax, shows: fibres textiles etc. £91.2m. (£103.4m.); paint £11.5m. (£7.8m.); packaging £31.4m. (£11.9m.); less central expenses £7.1m. (£4.9m.); realisation profits £0.5m. (£0.0m.); associates £0.3m. (£4.2m.); investment income £27m. (£18.3m.); less interest and financing charges £28.1m. (£25.3m.).

Inflation adjusted accounts show a pre-tax profit of £107.6m. (£119.1m.) on a CPP basis, with earnings per share at 26.7p (30.4p) compared with 22.9p (31.1p) historical.

The report shows that since 1962 five directors, including chairman Lord Kearton, have between them waived rights to directors' fees totalling £274,880. They gave up £45,000 between them last year. Lord Kearton's salary stayed at £36,732, its 1973 level, although 66 more employees moved into the £10,000 a year plus bracket, making a total of 128.

Meeting, 30 Wigmore Street, W., July 23 at noon.

● comment

First half results for Courtaulds will presumably be fairly grim, but the directors indicate their hopes that the setback will be strictly temporary. Meanwhile the balance sheet reveals how much Courtaulds has relied upon squeezing trade credit to preserve its liquidity, for the rise of £55.8m. in stocks has been almost exactly matched by the increase in net creditors of £56.7m. How much further this process can go (working capital is almost unchanged in money terms since 1970, despite a rise of 80 per cent. in sales) is a moot point. But meanwhile the shares are yielding a reasonably secure 6.4 per cent. at 128p, which provides a contrast with Coats Patons, at least. It seems inevitable, though, that cash balances of £230m. at March 31 will decline this year, with capital spending likely to remain near £100m.—ahead of the fall-back due in 1976-77 after the completion of the three-year £300m. programme.

INDEX TO COMPANY HIGHLIGHTS

CROSBY HOUSE AGM POSTPONED

In view of the uncertainty brought about by the railway dispute, Crosby House Group has decided to postpone the AGM.

The final dividend of 4.5p will now be paid on July 17 as a second interim with no final to follow.

The Board will endeavour to post the accounts to members with the minimum delay so that if possible the meeting can be held before the end of July.

Brownlee looks to long term

BECAUSE OF present political and economic outlook, the continuing increase in oncosts of every description and the trade's high wage settlements, current year prospects for Brownlee and Company—even although trading to date has been satisfactory—are uncertain, according to Mr. P. A. Barns-Graham, chairman.

In his annual statement he says: "Since the long-term economic prospects of Scotland, which is our principal market, are good, so are they for the company. But I cannot view the immediate prospects with the same optimism."

He reports that the company, whose activities include sawmilling and the importing of timber, has made good progress in its programme of expansion and modernisation.

During the year the company opened new premises at Montrose and a new timber distribution centre in Glasgow. New and much larger premises will be opened this month at Aberdeen, in the Bridge of Don Industrial Estate and a "substantial" new warehouse is nearing completion at Grangemouth.

He says that the company continues to have adequate resources and facilities at its disposal. Stock relief has resulted in a claim for repayment of tax for the year ended March 31, 1973 and a deferment of tax for the year to March 30, 1974. Credit control has been tightened. Advantage was taken to buy softwood at favourable prices towards the end of the year but other stock holdings have been reduced, he adds.

As known, pre-tax profit dropped from £1.37m. to £0.86m. during the year to March 29, 1975. Dividends are up from 1.539p to 1.6705p net.

An amount of £11,000 was paid to a director as remuneration for loss of office.

During the year "excess profits" in terms of the Price Code which at March 30, 1974 amounted to £346,000, have been substantially eliminated or "rolled-back" by the reduction in margins resulting from current trading conditions. It is anticipated that the balance will be eliminated in the current year although agreement has still to be reached with the Price Commission on how this is to be achieved.

Meeting, Glasgow, July 11 at noon.

Chairman's statement Page 31

Outlook at Robertson Foods

With extra marketing and sales efforts, brand shares of Robertson Foods, the Golliwog and Golden Shred preserves group, can be increased and new opportunities realised, according to the chairman, Mr. R. C. Robertson.

He tells members in his annual statement that the group has proved its ability to weather the difficulties of 1973 and 1974 and markets held up well during that period.

Mr. Robertson hopes that during the current year considerable sums will be realised by the sales of empty factory sites. The money received "should more than cover the costs of reorganisation and contribute to a reduction in borrowings."

Referring to the reorganisation the chairman says that because of inflation, and in order to conserve the cash base, it was decided to close down all production at the Paisley factory, to cease all operations at the Quantock factory in Bridgwater, with the exception of bulk jam production, and to completely close the British Canners factories at Hereford and Ledbury.

It was also decided to reconstruct the Quantock factory and transfer the greater part of the canning production from Hereford.

He reports that the major part of the reorganisation has been satisfactorily completed and the new cannery at Bridgwater has commenced operations successfully.

Turning to 1974-75, the chairman says it was impossible to recover before the year end the full effect of the "enormous increase" in the cost of sugar in January.

Noting that the group's profit performance is not matching inflation, he says the effects of the reorganisation during the autumn of 1974 and a streamlining of the management structure are resulting in much improved cash control. This has led, in the short-term, to only a minimal increase in borrowings and will, in the longer-term, benefit the group's capital requirements.

As reported on May 30 turnover was up from £32.8m. to £41.84m. and pre-tax profit increased from £1.94m. to £2.11m. for the year ended March 31, 1975. Dividends are up from 3.92p to 4.27p net

Meeting, Beckenham, Kent, on July 17 at 10.30 a.m.

Chairman's statement Page 30

H & C warns of lower profit

IN CURRENT circumstances the directors of Harrisons and Crosfield would look for somewhat reduced profits this year, but the group everywhere is in good heart, says the chairman, Mr. J. F. E. Gilchrist.

"Given fair and reasonable conditions, we shall resume the strong upward progress which has marked the past decade," he declared.

Referring to world-wide inflation the chairman says there has been a measure of de-stocking on the part of manufacturers, and a disinclination to venture new capital.

Mr. Gilchrist emphasises that given the right climate the recession can be dealt with.

Points made by the chairman on the group's various activities include:—

Rubber—Even in sluggish conditions there will be steady demand for high quality natural polymer.

Timber stocks are reduced and there are some signs of improved demand showing in places.

Tea—It is essential that those concerned with productions policy should exercise judgment, otherwise prospects of an improving price trend could be jeopardised.

As known group pre-tax profit for six months to December 31, 1974, was £11.49m. (£19.57m. for year).

Trading profit of £11.69m. (£19.46m.) comprised general merchanting and services, shipping and insurance £3.66m. (£4.87m.); manufacture and processing of chemicals, industrial raw materials, rubber, textiles and engineering products £1.86m. (£3.84m.); production of logs and distribution of timber etc. £5.94m. (£10.56m.); financial transactions £0.22m. (£0.19m.).

A geographical analysis of turnover and profit, before interest and tax, shows (in percentages) U.K. 36 (33) and 49 (42); Asia 38 (45) and 35 (41); North America 8 (7) and 10 (5); elsewhere 18 (15) and 6 (12).

The value of goods exported from the U.K. was £10.2m.

Group fixed assets increased from £17.03m. to £18.98m., and capital expenditure was £0.89m. (£1.28m.) contracted for and £1.83m. (£2.61m.) authorised but not contracted.

Net current assets expanded from £14.2m. to £21.93m. Stocks were up from £28.97m. to £40.06m., and overdrafts were £17.66m. (£12.65m.). Short-term deposits and cash amounted to £2m. (£4.07m.).

Meeting, 14-20, St. Mary Axe, EC, July 23 at 11.45 a.m.

● comment

Since the announcement of half-year figures earlier this month, Harrisons and Crosfield's share price has come back from 975p to 830p. The annual report, containing figures compiled on an annual basis for comparison purposes—the accounting period has been changed—clearly shows that the timber side has been responsible for the downturn in profits against the corresponding period. At the same time, the balance sheet bears the hallmarks of greatly increased working capital requirements; stocks at the end of 1974 had risen by 38 per cent on the end-June 1974 figure, with cash and deposits down roughly £2m. and the overdraft up by £3m. The ratio of net debt to shareholders' funds has shifted from less than 50 per cent. to 68 per cent. H and C is preparing its shareholders for still lower profits in the new financial year, but the yield of 4.4 per cent. remains well covered.

Chairman's statement Page 31

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Interims—Castlefield (Klang) Rubber Estates, Great Northern Investment Trust, Killinghall (Rubber) Development Syndicate, Herbert Morris.

Finals—Brown and Tawse, Godfrey Davis, Giltspur, Leopold Joseph, Lankro Chemicals, May and Hassell, Whitecroft.

FUTURE DATES

Interims—	
Ball (W. W.)	June 30
Flexello Castors and Wheels	July 7
Romney Trust	July 11
Walmsley (Bury)	June 24
Finals—	
Allied Retailers	June 30
Bishop's Stores	June 27
London and Midland Industrials	June 26
Rediffusion	June 27
Stanhope General Investment	July 15
Technology Investment Trust	June 25
Zinc Alloy Rust-Proofing	July 1

Rowlinson confident of growth

THE CURRENT year should show a further "substantial" increase in turnover in industaial development and contracting as Rowlinson Construction Group has some £16m. in future work.

The group should maintain its improvement in profits in the coming year provided that it is able to contain rising costs as successfully as in the past year, says chairman Mr. P. J. Rowlinson.

As reported on June 10, pre-tax profit for the year ended March 31, 1975, advanced from £294,135 to £421,081. The dividend is lifted from 1.7p to 1.84p net.

Housing sales during the year were the lowest ever recorded. There has been some improvement in recent months at the lower end of the market but properties in the middle and higher price ranges are not yet selling. Developments are proceeding slowly and the group is gradually reducing existing stocks. With its inexpensive land stocks, it is ready to take advantage when market conditions improve, explains the chairman.

The liquidity of the group improved considerably during the year when its overdraft was reduced from £764,000 to £242,000 and this trend "has continued into the current year."

The group has no borrowings other than the medium-term loan of £201,250 from its bankers which is secured on industrial property. Current account overdrafts have been cleared and the group has funds in short-term investments.

Meeting, Stockport, on July 14 at noon.

Chairman's statement Page 31

Amal. Power to maintain output

THE CURRENT year at Amalgamated Power Engineering will be one of comparable physical output to 1974 although inflated in money value but it would be hazardous to forecast the profitability of operations in a year of accelerating inflation, says chairman Mr. R. F. Batty.

The U.K. manufacturing divisions entered 1975 with shorter but adequate order books with the possible exception of the Manchester division but a sharp downturn in order intake is already evident in 1975, he adds.

In the first half of 1974 U.K. manufacturing turnover increased by less than 10 per cent. compared with the last half of 1973 although group turnover was lower overall, but there was satisfactory improvement in the second half of 1974 and U.K. manufacturing turnover for the year was 25 per cent. higher than in the previous year.

The value of group sales in the U.K. increased to 49.5 per cent. compared with 40.4 per cent. in 1973 and exports from the U.K. increased by £1.297m. in 1974 to account for 44 per cent. compared with 49 per cent. in 1973.

The margins on plant manufactured in the U.K. which fell sharply in the second half of 1973 were reduced further in the first half of 1974 by 20 per cent. but recovered in the second half of the year which accounted for the significant improvement in profitability in that half.

As reported on May 30 pre-tax profit for the year declined from £2.3m. to £1.7m. The dividend is lifted from 2.81728p to 3.05476p.

The chairman explains that profits after tax as a percentage of sales in the engineering industry in the U.K. have been constantly higher than those in Germany, France and Italy so there is no reason to fear the company's future in Europe.

Meeting, Bedford on July 17 at noon.

Chairman's statement Page 30

Colonial Mutual cuts surrender values

By Eric Short

The Colonial Mutual Life Assurance Society is reducing its surrender values on life policies. In announcing this change, Mr. R. J. Durden, manager for the U.K., said that the company had intended to revise its surrender value scales in February of this year, but had decided to await developments in the Stock Market. The revised basis being introduced was making lower reductions than would have been the case had the move been made in February.

The Society previously revised its surrender value basis only last year and then it increased the values despite the adverse market conditions. The move then represented a departure from the previous concept of imposing severe penalties on early cash-in. The new scale still gives much higher values than were in force prior to 1974.

Good year ahead for Morrison

AS NO new stores are to open in the current year Mr. K. D. Morrison, chairman of Wm. Morrison Supermarkets, regards the year as one of consolidation.

The company is presently enjoying an almost 50 per cent. increase in sales and if this can be maintained and costs kept under control he is optimistic that another successful year is in the making.

The chairman states that a searching examination of the company's product range and stock turn has been undertaken with the result that the company has reduced its stock levels since the year end.

During the current year the company has embarked on a programme of modernisation in its present stores and there is evidence that it has increased sales.

Mr. Morrison firmly believes in the future and therefore the company has embarked on a programme to build three new stores and to construct a new store on an existing site. All these developments will commence trading during 1976.

As reported on May 29 pre-tax profit for the year to January 31, 1975 expanded from £1.18m. to £1.39m. and the dividend is stepped up from 1.5309p to 1.6705p net, the maximum permitted.

Meeting, Bradford, on July 14 at 11.30 a.m.

FT Share Information Service

The following securities have been added to the Share Information Services appearing in the Financial Times:—

Bell Canada (Section: Canadians). **Boosey and Hawkes** (Section: Industrials). **Slough Estates 10 per cent. Convertible Unsecured Loan 1987-90** (Section: Property).

HARMO UPTURN

First five month figures of Harmo Industries showed an improvement to a record level, Mr. J. W. Hartley, chairman, said at the annual meeting.

The increase was to be expected since last year's output was affected by the three-day week, Mr. Hartley pointed out. "We regard this as a satisfactory achievement in the light of the present industrial climate," he said.

Scottish Homes pays £400,000 in settlement

Settlement of a dispute between its subsidiary, James Laidlaw and Sons, and Glasgow District Council, has now been reached by Scottish Homes Investment Company, with the company paying £400,000.

The dispute arose following termination of a £2.9m. contract to modernise over 1,000 houses at Knightswood, Glasgow. Following long hold ups due to industrial disputes, it was considered that a return to continuous normal working could not be anticipated, says the company. While it considered the factors were outwith the company's control, it was felt important to achieve a speedy solution to contractural problems and the £400,000 "must be regarded as an acceptable conclusion," it is stated.

Present information suggests the settlement cost can be contained within profits earned elsewhere in the group in the year to March 31, 1975. However, no final dividend will be possible, it is stated. An unchanged interim of 0.375p has been paid. Last year's total was 1p per share.

First half jump for Harold Perry

Mr. J. F. Macgregor, chairman of Harold Perry Motors, referring to his previous comments on prospects, told the annual meeting the significant deterioration in business and profits he had feared had not yet shown itself "and in fact we should complete the first half of 1975 with group profits before tax substantially above those for the first half of 1974."

However, Mr. Macgregor said his earlier words of caution must remain unchanged for the second half of 1975.

FUNDS IN COURT

The capital fund of Funds in Court at April 1, 1975, stood at £13.27m. compared with £10.34m., six months earlier. During the half year £363,190 was invested in allotment of new units and £449,751 repaid on realisation of units. The loss on investment realised was £1.22m. and the unrealised appreciation £4.24m. The amount distributed was £278,175 equal to 1.4p per unit on 19,869,658 units in issue at April 1, 1975.

BARCLAYS BANK INTERNATIONAL

Barclays Bank International announces that as a result of a strong, broadly-based response to the preliminary terms it has been decided to increase the size of the issue of Capital Notes 1982 from $35m. to $50m. The coupon remains at 9¼ per cent. and the issue price has been fixed at par.

Pending dividends

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
*AD Intntl.	July 2	Final 8.6%
*AVP Industs.	Aug. 5	Final 5%
Airfix	July 11	Final 12.4%
*Alexanders Discount	July 7	Int. 3.6%
*Allen (Edgar)	June 24	Final 9.9%
*Allied Breweries	June 24	Int. 5.5%
*Assoc. Newspapers	July 9	Final 15.95%
*Assoc. Television	June 26	Final 15.1%
Barclays Bank	July 26	Int. 6%
Barrow Hepburn	Aug. 2	Int. 7.8%
*Bassett (G.)	June 24	Final 15.1%
Bath and Portland	July 8	Int. 6%
*BPB Industs.	June 25	Final 7.4%
Brit.-American Tobacco	July 24	Sec. int. 20.9%
British Sugar	Aug. 1	Int. 3.8%
*Brown Boveri Kent	July 1	Final due
Brown (John)	June 26	Final 10.6%
Cable Trust	July 25	Int. 8.3%
Capital and Counties	July 24	Final 9%
*Chubb	July 2	Final 15.8%
Comben	June 21	Final 35.1%
Concrete	July 16	Final 16%
*Davis (G.)	June 28	Final 12.1%
Davy Intntl.	July 24	Final 21½%
*Dawson Intnl.	June 24	Final 10.4%
Distillers	July 19	Final 8.1%
Dowty	July 23	Final 7.1%
Eastern Produce	May 22	Final 4.8%
*Elliott (B.)	June 26	Final 13½% §
Fairey	July 30	Final 8.6%
Fitch Lovell	July 30	Final 12.9%
*Fodens	July 10	Final 8.4%
General Electric	July 9	Final 10.9%
Gestetner	July 25	Int. 8.6%
*Giltspur	June 23	Final 19.9%
*GRA Property Trust	June 24	Final 11.5%
Granada	July 2	Int. 7.1%
Gt. Universal Stores	July 18	Final 18.9%
Hall-Thermotank	July 22	Int. 5.8%
Howden Group	July 10	Final 16.6%
*IC Gas	June 24	Final 13.2% §
Illingworth Morris	Aug. 1	Int. 4%
*Imperial Gp.	July 10	Int. 10.4%
Inchcape	July 28	Final 5.8%
Initial Services	June 21	Final 13.7%
International Timber	July 10	Final 10.8%
Inveresk	July 23	Int. 3.7%
Keyser Ullmann	July 16	Final 22.2%
Kuala Lumpur Kepong	July 20	Int. 5%
LRC Intnl.	July 31	Final 27.1%
*"LOFS"	June 25	Final 19.2%
Macpherson (D.)	July 10	Int. 4.8%
Maple Macowards	May 1	Final 11%
Mercury Securities	July 3	Final 15.4%
Meyer (M. L.)	July 17	Final 6.5%
Midland Bank	July 19	Int. 6.3%
Ntnl. Wstmnstr. Bank	July 23	Int. 6%
News Intnl.	June 25	Int. 20.5%
*Racal Electronics	June 26	Final 11.1%
Rank Organization	July 22	Int. 13%
*Rediffusion	June 27	Final 14.4%
*Renold	July 2	Final 6.5%
Richardsons Westgarth	July 16	Final 6.9%
Robinson Rentals	July 2	Int. 14.4%
Ropner Hldgs.	July 9	Final 4.4%
*Rothmans Intnl.	July 1	Final 7.1%
Rothschild Inv. Trust	July 8	Final 10%
SGB	July 10	Int. 10.7%
Scot. & Newcastle Breweries	July 11	Final 11.8%
*Scapa	June 27	Final 11.2%
Selection Tst.	June 3	Final 50.8%
Standard and Chartered	June 17	Final 9.1%
Stenhouse	July 19	Int. 8.2%
Taylor Woodrow	July 23	Int. 7.5%
Thorn Elect.	July 17	Final 19.9%
Trust Houses Forte	July 17	Int. 10.4%
Unigate	July 24	Final 5.4%
Union Discount	July 17	Int. 7.5%
Vaux Brews.	June 27	Final 13.8%
Ward and Goldstone	July 8	Final 15.7%
Westinghouse Brake	July 29	Int. 3.8%
Wilkinson Match	July 25	Final 8.2%

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY loan rates weakened last week in a number of temporary and mortgage periods, reflecting an easier tendency in the short-term money market as a whole.

Loans at seven-days' notice were a shade firmer, at 9¼-9½ per cent., against 9⅛-9¼ per cent. the previous Friday, but the one-month rate fell to 9½-9¾ per cent., from 9¾-9⅞ per cent., the three-month to 9¼-9⅝ per cent., from 9⅞-9⅞ per cent., and the one-year to 11⅝-11¾ per cent., from 11⅞-12 per cent.

The Financial Times Government Securities Index, however, lost a little ground on the week, ending at 58.16, against the previous 58.22, and touching 58.09 on Tuesday and Wednesday.

One-year local authority bonds were placed at par, with a coupon of 11¼ per cent., or ⅛ per cent. more than coupon on the previous week's batch.

Public Works Loan Board rates were revised in some cases with effect from Saturday. Non-quota loan rates were increased in a number of cases by ¼ per cent., though in some instances left unchanged, and in one cut by ⅛ per cent. Non-quota rates were raised by amounts varying from ⅛ per cent. to ⅜ per cent., except in one case in which there was no change and one in which there was a reduction of ⅛ per cent. The revised list of rates appears on this page.

*Rate (%) June 20, 1975	
2 days' notice (deposit receipt)	9 — 9¼
7 days' notice (deposit receipt)	9¼ — 9½
7 days' notice after one month (deposit receipt)	9½ — 9¾
7 days' notice after three months (deposit receipt)	9¾ — 9⅞
7 days' notice after six months (deposit receipt)	9⅞ —10
Mortgage at one month's mutual notice after 11 months	11⅝ —11¾
Mortgage at one month's lender notice after 11 months nominal term 2-5 years	n.a.
2 years' mortgage	13 —13¼†
3 years' mortgage	13¾†
4 years' mortgage	14†
5 years' mortgage	14¼ —14½†
6-10 years' mortgage	n.a.
11-30 years' mortgage	n.a.

* Rates are for sums not less than £20,000 and are subject to local variations and fluctuations. † Nominal. ‡ Shorter periods may attract higher rates than longer. n.a. Not available.

Public Works Loan Board rates

(Effective from June 21, 1975)

Years	Quota loans Repaid By instalments	Quota loans Repaid At maturity	Non-quota loans Repaid By instalments	Non-quota loans Repaid At maturity
Up to 5	10¾	11½	12⅜	13
Over 5, up to 10	11½	13¼	13	13⅞
Over 10, up to 15	12¼	14½	13¼	14⅞
Over 15, up to 25	13½	14⅞	14	15⅛
Over 25	14¼	14⅞	15⅛	15

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p.	+ or —	Div. Amount	Times covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p.	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p.	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

INTERNATIONAL COMPANY NEWS

Nordic Investment Bank statutes approved

BY WILLIAM DULLFORCE

STOCKHOLM, June 20.

THE CABINET Ministers in charge of Nordic co-operation yesterday approved the statutes of the Nordic Investment Bank, which they hope to establish by July 1, 1976. It will have an initial starting capital of 400m. Special Drawing Rights (SDR) equivalent to roughly S.Kr.2bn. (£225m.), of which Sweden will contribute 45 per cent., Denmark 22 per cent., Finland and Norway 16 per cent. each and Iceland 1 per cent.

The bank will have a loan and guarantee capacity equivalent to 1m. SDRs or 2.5 times its capital. It will finance investment projects of a joint Nordic interest and exports from the Nordic countries. Swedish Trade Minister Kjell-Olof Feldt instanced energy projects, such as the laying of gas pipelines from Norwegian offshore fields to Denmark and Sweden and joint refineries. The bank may also finance a combined effort by the Nordic countries to win contracts for major projects in the Eastern Bloc countries, in particular in the Soviet Union and Poland, which are seeking long-term credits.

The ministers underlined that the new investment bank must have a good international image and be run on sound banking principles, in order to enable it to raise loans on the international capital market, especially in the oil-producing countries. Danish foreign trade Minister Ivar Noergaard said the energy crisis had given an extra fillip to the old idea of a joint Nordic bank, following a greatly increased demand for investment capital in the five countries and the possibilty of attracting surplus petrodollars from the oil-producing countries.

The Nordic Investment Bank was first mooted in the late '60s, when the five countries tried but failed to establish a common market. It was revived in January this year at a meeting of Nordic prime ministers in Oslo. If the bank is to be operating by July 1 next year, an extraordinary session of the Nordic council will have to be called this autumn to ratify the statutes, which will also have to be approved by the individual parliaments.

ASEA/ESB plan

BY JOHN WALKER

STOCKHOLM, June 22.

ASEA of Sweden and ESB Incorporated of Philadelphia, a wholly owned subsidiary of International Nickel of Canada, have formed a new company, Exide ASEA, for the design manufacture and selling of battery energy storage plant systems. Shares in the new company, which will initially have only nominal equity, will be held equally by the two concerns.

The storage systems will be for use by electric utilities and industrial users in load levelling operations. The plants, it is claimed, will convert electrical energy generated at low demand periods into chemical energy and store it close to the point of use. The stored chemical energy will be converted back into electrical energy and fed into utility electrical distribution systems during periods of high demand.

ESB has under development a highly promising molten salt battery system, apparently which is scaled up successfully to full size working units, could have a working life of 10 to 20 years.

Gasunie to sell more

BY MICHAEL VAN OS

AMSTERDAM, June 22.

GASUNIE, THE Dutch gas distribution company, expects to sell an estimated 87bn. cubic metres of natural gas this year, of which around 50bn. cubic metres will be exported to West Germany, Belgium, France and Italy. Last year, the company sold 82.5bn. cubic metres, of which 41.4bn. cubic metres were exported.

Gasunie, in which the State has direct and indirect interests totalling 50 per cent. (with the remainder shared evenly by Shell and Esso) said in its annual report published in Groningen that net profit had gone up to Fls.80.2m. in 1974. Profit the previous year had reached Fls.72m. According to the report, the gross margin on gas sales, plus other revenue, had totalled Fls.700.8m. in 1974, compared with Fls.622.6m. the year before. Total costs has risen to Fls.546.6m. (Fls.471.3m.), leaving a pre-tax operating result of Fls.154.2m. (Fls.151.3m.).

Gasunie noted in the report that total gas sales went up by 13bn. cubic metres last year. The share of natural gas in domestic energy consumption now amounted to 51 per cent.

Total sales amounted to just over Fls.5bn. against about Fls. 3.5bn. in 1973. Of the 41.1bn. cubic metres of natural gas sold on the home market, 23.2bn. cubic metres went to industry (including 10.8bn. cubic metres to electrical power stations) and 17.8bn. cubic metres to the individual gas distribution companies.

Investments should total around Fls.500m. this year. The necessary provisions for bringing onshore and transporting the high calorific gas from the Dutch and the Norwegian parts of the Continental shelf would be completed this year with landing points in the north of Groningen province. Negotiations of the purchase of natural gas from Algeria were still in progress.

The last year saw intensive renegotiations on gas export contracts. Gasunie said that at the end of the year at least 85 per cent. of the exports were tied to the price of oil. But adaptations to more acceptable price levels could take a few years.

Bruxelles details losses

BRUSSELS, June 20.

BANQUE DE BRUXELLES disclosed in its annual report that when it discovered unauthorised foreign exchange dealings last October, open positions amounted to $735m. against the Deutschemark, Swiss Franc and Norwegian Crown.

It apparently took three months to close these forward contracted positions, and some of them extended to October, 1975.

During this period, the dollar fell to DM2.345 from DM2.59 and as a result estimated losses in October eventually more than doubled to BF2.530m.

The bank has already said it will raise a BF3bn. loan to strengthen its financial position in view of the proposed takeover of Banque Lambert for which it has agreed to pay BF2bn.

Reuter

World Economic Indicators

INDUSTRIAL PRODUCTION

	May '75	April '75	March '75	May '74	% change on year
U.S.	109.2	109.4	109.6	125.7	—13
	April '75	March '75	Feb. '75	April '74	
France	112	112	116	124	—10
Japan	110.2	109.7	108.2	129.3	—14.7
W. Germany	103.2	108.9	103.4	118.5	—12.9
U.K.	102.5	104.6	107.3	107.5	— 5.5
	March '75	Feb. '75	Jan. '75	March '74	
Holland	105	101	108	116	— 7.7
Belgium	108.5	106.8	113.7	—	— 7

Base year 1970=100

Money & Exchanges

Short-term interest rates tended to weaken in the London money market last week, with the one-month sterling certificate yield falling to 9½-9⅝ per cent. from the previous 9⅝-9¾ per cent., the three-month to 9½-9⅝ per cent. from 9⅞-9⅞ per cent., and the one-year to 10⅛-10¼ per cent. from 10⅜-10½ per cent. Day-to-day credit was in good supply for the most part, and the authorities sold moderate amounts of Treasury bills on Monday and Tuesday, to absorb surplus funds, sold a large amount on Wednesday, and made no intervention on Thursday, though on Friday buying a small amount of Treasury bills from the Discount houses. At the Treasury bill tender, the average rate of discount fell slightly, by 0.0074 per cent., to 9.4074 per cent. The Bank of England Minimum Lending Rate was unchanged at 10 per cent. This Friday, the record amount of £350m. Treasury bills will be on tender.

Sterling touched record low levels in the foreign exchange market last week, with its trade-weighted average depreciation against ten units since the Washington Currency Agreement of December, 1971 (as measured by the Bank of England) widening to 26.3% on balance, from the previous Friday's close of 25.9%, and touching 26.7% in early dealings and at noon on Tuesday. Business reached good levels at time, but was generally moderate. In terms of the U.S. dollar, the pound fell 95 points (about 0.4%) on the week, to $2.2735-2.2745. The dollar's trade-weighted average depreciation against 14 currencies since the Washington Agreement (as calculated on noon rates in New York by Morgan Guaranty) narrowed on balance to 6.73%, from 6.95%, while sterling's depreciation on a similar basis widened to 32.15%, from 31.84%. There were erratic movements in various major currencies, with the Morgan Guaranty calculation of the Japanese yen's weighted 14-currency fall since the Washington Agreement widening to 0.56%, from 0.24%, while the (similar) appreciation in the French franc widened to 7.37%, from 6.92%. The discount on sterling for delivery in three months, against the dollar, narrowed to 2.52c., from 2.70c.

Gold fell $1½ an ounce on the week in London to $162¾-$163¾. The Krugerrand fell to $179-$181 ($78½-£79½) in domestic dealings, from $184-$186 (£80½-£81½), with the premium over its gold content contracting to 10⅛ per cent., from 13½ per cent. In international dealings, the Krugerrand price fell to $167-$169 (£73½-£74½), from $168½-$170½ (£73¾-£74¾), with its premium widening to 3½ per cent., from 3⅛ per cent.

Bank of England Minimum Lending Rate 10% (Since May 2, 1975)

EXCHANGE CROSS-RATES

June 20	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	2.3365-85	56.55-61	6.43-46	5.304-314	97.06-16	93.84-94
N. York	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]
Am'sterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

U.S. $ in Montreal. [illegible]

EURO-CURRENCY INTEREST RATES*

June 20 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch guilder	W. German mark	Swiss franc
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rates [illegible]

GOLD MARKET

	June 20 1975	June 18 1975
[illegible]	[illegible]	[illegible]

June 20 1975	Sterling Certificate of deposit	Inter-bank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposit	Treasury bills	Bank bills	Fine trade bills
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local Authority and finance houses seven days' notice, others seven days fixed. [illegible]

MINING NOTEBOOK

Lessons from the Agnew postponement

BY LODESTAR

THE PUTTING on ice of the big Agnew nickel deposit in Western Australia because inflation has eaten away its initially exciting profit prospects once again brings to the fore the whole question of where the world's future mineral supplies are going to come from when an orebody of this stature has to be left in the ground.

The main answer from the major mining industry spokesman is a simple one. Metal prices will have to go up to levels which make such projects, and Agnew is certainly not the only one, worth while developing. Moreover, governments of the countries concerned will have to co-operate by ensuring that their fiscal policies—at the moment going the wrong way practically everywhere — will not be so rapacious as to take away the risk capital incentives offered by the occasional cyclical upsurges in metal prices.

Australian views

My own forthright views on this particular subject are well known. But the swelling surge of opinion from other quarters is now becoming worth quoting. Taxpayers in particular should take full note. Because if private enterprise is debarred from opening up the world's future mineral resources then the whole burden of providing all the high-risk capital will fall fairly and squarely on their shoulders. Plus the fact that the slow crawl of bureaucracy is hardly likely to plug what could then be a prolonged gap in fulfilling the world's mineral requirements.

There is no doubt about the feelings in Western Australia even before the Agnew nickel postponement. The state's Western Intelligence Report foreshadowed this decision with the view that if several million dollars have to go into a pigeon-hole for a potential mine as good as this one then "prospecting and mine development become exercises in futility." It is added that, although gold has been a pace-maker on the prices league ladder, even America's Newmont is pruning plans for its Paterson Range gold deposit, initially excitingly reckoned to be the fabled Lasseter's reef, "following calculations that horrified the Newmont team."

But Australia's mineral policies are really put into perspective by Mr. C. P. Hildebrand who heads up the Anglo American Corporation of South Africa's organisation down-under. In giving evidence to a commission inquiring into mining taxation he stressed the factors which have tended to make Australia a relatively less attractive country for mine finding both in terms of adequacy of return on the exploration dollar and, moreover, on "security of return on the total mining investment."

He nevertheless reckoned that in terms of exploration per unit area Australia was under-explored when compared with countries of long mineral production such as Canada and the U.S. and contrasted favourably with similar countries for mineral potential.

Rate of return

It was estimated in October, 1973, that the average Australian miner would have had to receive some 30 to 40 per cent. more for his product than the average miner in North America operating on the same deposit in order to receive the same rate of return.

Since that time reversals in the Australian dollar exchange have been offset by additional removal of tax allowances, by increases in State royalties and by comparative inflation.

It all sums up to the fact that if past circumstances had been in line with those presently prevailing neither the big Pilbara iron ore complex nor the Kambalda nickel project would have come into being. Western Mining's general manager has himself underlined this saying that the return on capital would now be too low to justify investment of such a size. It had taken fiscal policies on the previous understandable scale for the industry to assist Western Mining's development from a relatively small gold-mining company to a "metal producer of international stature."

He indicated that Western Mining's effective nickel price after deflating it for higher labour costs had fallen by 29 per cent. between 1967 and 1974. The return to Canadian producers in the same period and on the same basis had only dropped by 3 per cent.

Lease formulae

Each South African gold mine is granted a lease formula which effectively determines the amount of royalty to be paid to the Republic's Government — tax comes on top. As one of the few sensible mining countries left, South Africa pitches its lease formulae on carefully worked out and fair terms; encouragement, not punishment, is the rule.

The latest formula to be granted is that for the new Elandsrand gold mine. As ever, it is reasonable, but it is less favourable than that recently given to the Deelkraal mine. The answer, I am told, lies in the fact that the Elandsrand lease area takes in a portion of that previously belonging to Western Deep to which harder lease terms apply. So, overall, Elandsrand will be giving up a slightly higher percentage of its profits in lease and tax payments.

Deelkraal

It is expected that Elandsrand will make a share issue later this year. Western Deep will have a 19.6 per cent. entitlement the major portion of which it intends passing on to its shareholders. Gold Fields of South Africa's 8.1 per cent. subscription rights are to be financed from this company's existing resources. No decision has yet been made regarding the balance of the group's beneficial entitlement which amounts in all to 15.3 per cent. through the 76 per cent. holding in Wit Deep.

Deelkraal are 345p. They are reckoned to look cheaper than that other gold-mining newcomer Unisel (270p). There is a theory that, as with the shares of the latter, Deelkraal will become a more responsive market once they are available to U.S. investors in September. But, as always, the course of the gold price will be the ruling factor. How this behaves in the short term must depend on the result of the U.S. gold auction next Monday. Friday's bullion price was $162¾ an ounce.

Interestingly, whereas South Africa held some 2½ tons of newly-mined metal off the market in the week to June 6 when the gold auction was announced, it resumed sales from reserves in the subsequent week with an offering of just under one ton. Presumably this indicated the Reserve Bank's opinion that the market had stabilised sufficiently for such extra gold to be absorbed without depressing the price unduly.

Utd. Goldfields

I have been asked what has happened to last month's intriguing United Goldfields Corporation share offer being made in both Australia and the U.K. Well, the company is not permitted to close the lists until July 1. This is because the maximum period over which options are allowed to run is 5 years. Those accompanying the UGC offer extend to July 1, 1980. Meanwhile, I gather that initial London applications for some 0.75m. shares are being despatched to Perth. Of the 4m. offered permission was obtained to issue 40 per cent. or 1.6m. shares on this side of the world.

INSURANCE

Compulsory indemnity cover

BY OUR INSURANCE CORRESPONDENT

THE RECENT announcement by the Law Society that any solicitor wishing to practice in England and Wales will be obliged to purchase professional indemnity insurance under a special scheme arranged by the Law Society, as a pre-requisite of obtaining a practising certificate, is the culmination of a detailed study by the Law Society.

There is to be a "running-in" period until the autumn of 1976. Hitherto the individual solicitor or his firm has had complete freedom to decide whether or not to insure, and if the former, where to buy cover in the limited professional indemnity market, either direct with perhaps a saving in commission since many solicitors have insurance agencies, or with the help of insurance brokers.

It would be interesting to know how many or how few solicitors at present do not insure, or do not insure adequately, and whether they or their firms could be considered to have sufficient reserves to pay professional negligence compensation in the appropriate case—but probably even the Law Society has no detailed information on this aspect. Certainly on the President's own admission it has no detailed information on the overall frequency and amount of claims against the profession whether or not insured.

Be this as it may, the two freedoms are now being curtailed, and even assuming there is general support for the view that compulsory professional indemnity cover is necessary, there must be many solicitors who will regret being deprived of their freedom of choice and their longstanding relationship with particular insurers or underwriters: and there must be some who will beg to doubt, at least in the short term, the opinion of the Law Society's President that "the profession will benefit by the exercise of its combined strength and negotiations with the insurance market" for it seems probable that the schemes will cost some solicitors and firms more than they are at present paying. It is only in the long term that positive benefit will be seen to accrue.

A three-year agreement has been reached with a consortium of insurance companies and Lloyd's underwriters through London Insurance Brokers Limited for a first year flat rate premium of £387.50 for the individual practitioner and £310 for the partner. These rates will be raised for the two subsequent years by 12½ per cent. of the preceding year's figure or by 75 per cent. of the percentage increase in the official Retail Price Index, whichever is greater. Thereafter, rating for subsequent years must be agreed 12 months in advance. A profit sharing clause obliges insurers to refund 15 per cent. of the difference between the gross premiums less expenses, and the cost of claims.

Extent of cover

Cover for the individual practitioner per claim will be for £50,000. For the partner the limit is nominally £30,000 per head, but this will be multiplied by the number of partners in the firm to give the limit per claim, so that a four partner firm will have £120,000 worth of cover. The insurance will give no protection for the first £250 of any claim.

However, cover in any one year will be unlimited, so that the consortium of insurers will have to handle whatever number of claims arise from the individual or the firm subject only to the limit per claim. This makes a positive change of direction by the consortium, because the great majority of professional indemnity policies, both for solicitors and other professionals, are sold not only with a financial limit any one claim but a further financial limit any one year: sometimes these two limits can be the same but more often the second is fixed at double the first.

The financial limits and premiums are for the compulsory minimum cover. Any solicitor (or firm) who wants more insurance, can make his own arrangements for greater financial protection, and I take it that many will wish to do so.

While for the first three years premiums have been designed to take care of inflation, it does not seem that any parallel percentage adjustment is to be made to the limit of protection arranged. If £50 000 is really a suitable limit for the individual in the second half of 1975, whatever the rates of inflation over the next three years, £50,000 cannot be enough by the end of the period. Logically, indexing of premium demands indexing of the protection limit, otherwise the policyholder pays an increasing sum of money for a decreasing amount of cover.

Bearing in mind the problem of the professional indemnity market from insurers' point of view, the problem of making underwriting profitable, from the policyholders' standpoint, the problem of getting widest cover at a reasonable price, the scheme seems to have merits for both sides, not forgetting the brokers who will get commission for their servicing of the scheme. Depending on its success in the next three years this kind of scheme may commend itself to other professions, accountants, architects, surveyors and so on. But for them, without the statutory constraint that the Law Society has under the Solicitors Act 1974, compulsion could be difficult to achieve.

FOREIGN EXCHANGES

June 20 1975	Bank Rates %	Market Rates Day's Spread	Market Rates Close
New York	6	2.2700-2.2755	2.2735-2.2745
Montreal	8¼	2.3290-2.3550	2.3330-2.3340
Amsterdam	6	5.45½-5.49	5.47½-5.48½
†Brussels	6½	[illegible]	79.30-79.50
Copenh'gen	8	12.52-12.58	12.36-12.37
Frankfurt	4½	5.29½-5.33	5.31½-5.32½
Lisbon	6½	56.00-56.30	56.06-56.25
Madrid	7	126.80-127.05	126.70-126.90
Milan	7	1,420-1,425	1,422-1,424
Oslo	6½	11.08½-11.12½	11.10½-11.11½
Paris	9½	9.04½-9.08½	9.06½-9.07½
Stockholm	7	8.86-8.89	8.87½-8.88½
Tokyo	8	665-673	668-670
Vienna	[illegible]	[illegible]	37.50-37.70
Zurich	[illegible]	[illegible]	5.86½-5.86½

†Basic discount. †Rates given are for convertible francs. Financial franc [illegible]

OTHER MARKETS

Argentina	[illegible]	Argentina	140-170
Australia	[illegible]	Austria	56½-58½
Brazil	[illegible]	Belgium	81-86
Finland	[illegible]	Brazil	20.24
Greece	[illegible]	Canada	2.51-2.54
Hong Kong	[illegible]	Denmark	12.20-.40
Iran	[illegible]	France	8.95-9.15
Kuwait	[illegible]	Germany	5.20-5.40
Luxembourg	[illegible]	Greece	66-68
Malaysia	[illegible]	Italy	1420-1470
N. Zealand	[illegible]	Japan	650-681
Saudi Arab	[illegible]	Netherlands	5.55-5.55
Singapore	[illegible]	Norway	11.00-11.20
S. Africa	[illegible]	Portugal	53½-58½
		Spain	124½-127½
		Switz'land	5.56-5.75
		U.S.	2.27-2.29
U.S. cents	[illegible]	Yugoslavia	36-58

‡ Based on rates quoted by specialist dealers. Other rates may be quoted elsewhere. ● Rate given is the commercial rate; financial rate [illegible]

FORWARD RATES

	One Month	Three months
New York	0.77-0.67 c.pm	2.57-2.47 c.pm
Montreal	0.60-0.50 c.pm	1.90-1.80 c.pm
Amsterdam	[illegible]	[illegible]
Brussels	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]
Madrid	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

Six-month forward U.S. dollar 3.35-5.25c pm and 12-month [illegible]

Cyclone not to accept Boral bid

MELBOURNE, June 19.

CLCLONE HAS rejected the $A1.90 a share bid by Boral as inadequate. The directors unanimously think the offer price is too low bearing in mind the value of current earnings. It is far below, too, the true worth of operating assets, Cyclone said in a statement to shareholders.

Boral offered $A1.50 for the Preference shares and 11 Boral (50 cents nominal) shares for 18 Cyclone, or $A1.90 in cash for the Ordinary shares.

Reuter

WEEKLY AVERAGES OF U.K. INDICES

Week to—	June 20	June 13	June 6	May 30
Financial Times				
Govt. Secs.	58.12	58.01	58.34	57.88
Fixed Interest	57.64	57.79	58.25	57.88
Industr'l Ord.	350.8	340.3	359.0	348.1
Gold Mines	376.7	378.3	405.9	430.1
Dealings mkd.	5,327	7,046	7,386	6,368
F.T. Actuaries				
Ind. Group	132.85	134.86	141.23	137.43
500-Share	145.21	147.30	154.04	149.43
All-Share	144.20	145.72	152.04	147.58
20-year Govt.	47.22	47.12	47.54	47.22
Red. Debs	46.73	46.16	48.16	45.76

INSURANCE BASE RATES

† Atlantic Assurance	11½%
Cannon Assurance	9 %

† Address shown under Insurance and Property Bond table.

Base lending rates Page 29

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROMARKETS

Bread and butter times

BY PAULINE CLARKE

THE INTERNATIONAL bond sector has taken on a motley appearance with the market now decidedly tired of the bread but apparently still unable to get enough of the jam. This is the picture especially in dollar bonds where several new top quality issues have recently had their borrowing amounts dramatically increased while in the secondary market there has been a fall in prices over a broad front.

Reminiscent of the reception given to the launching of the first two Special Drawing Rights issues recently, the amount of the new Barclays International seven year 9¼ per cent. bond was raised this week from an original $35m. to $50m. (the first SDR issue for Alussuise was raised from SDR 30m. to SDR 50m.).

The recent Electricity Supply Commission of South Africa bond, with its coupon of 10 per cent., was also able to raise its amount from $20m. to $25m., but in stark contrast, the market put up a strong resistance to the European Coal and Steel Community's 8¾ per cent. coupon and towards the end of the week its price had sunk in the secondary market to a level of around 97½ against an issue price of 99.

In the Deutschemark sector, the latest entrant is the National Bank of Hungary which is raising Deutschemarks 100m. for six years with an expected coupon of 8¾ per cent. and issue price at par. There are fears that a still unsettled pre-war debt by the country may affect the placing of this first Euro-mark issue by Hungary in spite of its otherwise good record.

In the still very active medium-term market, it was learned that Banco Nacional de Obras y Servicios Publicos backed by the Mexican Government was raising $75m. for five years. Lead managers are Kuhn Loeb and Company International and First Boston Europe and the spread is 1½ over interbank rate as was the $200m. loan signed for the Mexican Government last month. Other banks in the new syndicate are Bank of America, Bank of Nova Scotia, Bankers Trust, Libra Bank and Midland International.

Aker still hoping for state loan

By Fay Gjester

OSLO, June 22.

NORWAY'S AKER shipbuilding group can expect a reply by the end of this week to its application for a State loan of Kr.150m., according to a senior official of the Ministry of Industry.

The Group, hard-hit by tanker order cancellations, is seeking the money from the State's industrial assistance fund to help finance a move into increased production of oil industry equipment, at the yards where the cancelled tankers would have been built.

Mr. Reidar Engell Olsen, Secretary of State in the Ministry, said a solution to the Group's problems "must be found," and the Government would do its utmost to give the necessary help.

Last week Mr. Trygve Bratteli, said a Government-appointed committee had recommended providing the concern with a large loan to finance investments in new types of production.

The authorities have already undertaken to guarantee foreign loans of up to Kr.225m. for Aker, and the Group believes that this, together with the loan it is now seeking, will be enough to get it over the worst of its difficulties.

This is provided ship owner Hilmar Reksten, pays the Kr.234m. he owes, for 4 cancelled tanker orders, under the terms of a recent arbitration court award.

Reksten will not be able to pay his debts until he has sold his shareholdings in Norwegian companies. The Norwegian Government which is prepared to spend Kr.200m. to buy up these shareholdings, is currently negotiating with Reksten about the deal, and these talks are expected to be concluded next week.

A further arbitration case is pending between Aker and Reksten, on the subject of compensation for the cancellation of two other tankers. Aker's claim in this case, which is due to be heard in September, has not yet been made public, but is believed to be substantial. The two ships—of 285,000 d.w.t. each—were scheduled for delivery well ahead of the other four, and much of the material and equipment for them had already been delivered to Aker by sub-contractors.

Bank Robinson loses licence

By John Wicks

ZURICH, June 22.

THE SWISS Banking Commission has withdrawn the operating licence from the Bank Robinson AG, of Basle, on the grounds of alleged "gross disregard" of banking laws. Regardless of whether the bank proves solvent, withdrawal of the banking licence means it will have to go into liquidation. Under these circumstances, the immediate closure of the small Basle bank and its suspension from stock-exchange trading here were ruled. Bank Robinson was engaged primarily in foreign-exchange and stock-market transactions.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus	Util.	Trading volume† 000's
June 20	69.26	166.75	856.44	86.24	28,260
19	69.06	166.56	845.36	86.37	21,450
18	68.72	164.58	827.53	83.40	16,590
17	66.93	165.19	828.61	82.22	19,440
16	66.96	167.16	834.5	82.80	16,660
13	68.76	167.55	824.47	81.90	16,300
12	62.68	167.69	819.31	81.61	16,970
11	—	169.21	824.55	81.51	18,250
10	68.27	168.38	823.12	81.80	21,150
9	68.04	170.07	830.10	82.21	20,570
6	67.91	170.52	838.64	82.82	22,230
5	67.78	168.72	842.15	82.82	21,610
4	67.69	168.92	839.96	83.01	24,900
3	67.79	168.88	846.14	82.37	25,560
2	67.86	169.04	846.81	80.71	28,240
May 30	67.82	167.26	832.29	79.82	22,870
1975 High	69.92 (4/4)	174.12 (5/5)	858.73 (14/5)	86.37 (19/6)	—
Low	66.18 (8/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

June 13	June 6	June 14, 1974
4.69	4.69	4.58

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	June 20	June 19	June 18	June 17	June 16
49.38	37.06	48.38	49.05	48.17	48.27	48.69

U.S. STOCK INDICES

STANDARD AND POORS

	*Industrials	†Composite
June 20	103.79	92.61
19	103.04	90.01
18	101.30	90.39
17	101.58	90.58
16	102.63	91.46
13	101.55	90.52
12	101.06	90.08
11	101.3	90.55
10	101.50	90.44
9	102.39	91.21
1975 High	104.49 (3/6)	92.89 (3/6)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	June 19 1975	June 12 1975	June 28 1974
Ind. Ord. yield pc	3.74	3.72	3.80
Ind. Ord. p/e ratio	10.98	11.01	10.73
Long-term Gov. Bds. per cent.	8.75	8.71	6.80

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Southern Co.	374,400	13¼	—
Sony	347,100	12¾	—
Amer. Tel. & Tel.	253,300	50¼	+1
Polaroid	251,300	34¾	−⅛
Texaco	195,400	27¼	+1
Atlas Corp.	192,700	3¾	+⅛
Transco	179,700	9	+⅛
Amer. Elec. Power	174,800	20¼	—
Gulf Oil	171,300	22½	+⅛
Duke Power	170,300	16½	+⅛

TORONTO

INDUSTRIAL INDEX

June 20	June 19	1975 High	1975 Low
197.96	198.03	197.96 (20/6)	159.41 (2/1)

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	June 19	June 12	June 5
On Dividends	7.35	7.11	7.02
On Earnings	14.15	15.67	13.49

SYDNEY ALL ORD. INDEX

June 20	June 19	High 1975	Low 1975
366.90	367.08	385.55 (4/6)	283.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

June 20	June 19	High 1975	Low 1975
326.66	327.47	332.96 (22/6)	268.24 (10/1)

HONG KONG INDEX *

June 20	June 19	High 1975	Low 1975
523.09	525.86	[illegible] (9/6)	160.42 (9/1)

SINGAPORE INDEX §

June 20	June 19	High 1975	Low 1975
230.59	229.72	268.69 (11/3)	165.26 (9/1)

EUROPE

	June 20	Previous	1975 High	1975 Low
Belg'm (a)	107.76	107.57	111.81 (15/6)	89.01 (2/1)
Denm'k (b)	91.02	91.04	92.80 (13/6)	73.06 (14/1)
France (d)	64.1	63.2	72.5 (25/4)	51.70 (2/1)
Germ'y (e)	664.1	661.9	726.1 (16/4)	575.0 (2/1)

AUSTRALIAN WEEKLY LIST

Australian $	June 20	June 13	Australian $	June 20	June 13
Advertiser Newspap'r	1.15	†1.15	Kiwi Int.	0.28	0.29
Ansett Transport	0.65	†0.66	M.L.C.	1.75	1.80
Assd. Securities	0.46	0.51	Mauri Bros.	†0.80	0.77
Aust. Guarantee	1.42	1.40	Mayne Nickless	1.47	1.47
Aust. Paper M'nf'r'g.	1.06	1.05	Nylex Corporation	0.51	0.51
Boral	†1.80	1.80	Olympic Cons.	0.54	0.56
Bramble Inds.	†1.45	1.47	Overseas Corporation	1.10	1.10
Burns Philip	1.90	1.88	Petersville	0.21	0.22
Carpenter (W.R.)	1.05	†1.80	Queensland Cement	1.23	‡1.23
Castlemaine Perkins	3.35	†3.27	QBE	0.65	0.62
Coal & Allied	2.25	2.35	Rocla Industries	0.86	†0.86
Commercial Bank	2.45	†2.55	Swan Brewery	1.36	1.35
Commercial Union	‡0.51	0.51	TV Corporation	2.15	2.15
Commonw'lth Mining	‡2.05	†2.05	Thiess	2.30	2.20
Grace Bros.	1.34	1.39	Thomas Nat. Trans.	1.12	1.14
Hardie Asbestos	3.30	†3.35	Tooheys	1.43	1.40
Herald & Weekly	1.70	1.72	Travelodge	0.26	0.26
Humes	†0.71	†0.71	Woodside Burmah	0.66	‡0.65

† Buyer. ‡ Seller.

TEL AVIV STOCK EXCHANGE

Company	Prices June 22 1975	Change on the week	Company	Prices June 22 1975	Change on the week
Banking Insurance and Finance			Investment Companies		
Bank Leumi Le Israel	215	+1.0	Bank Leumi Invest	167	—
			Discount Bank Invest Br.	189.5	+4.0

Source: Bank Leumi Le Israel, Tel Aviv.

Milan (excerpt)

June 20	Price Lire	+ or −	Div. Lire	Yld. %
Alitalia Priv.	1,169	−21	—	—
ANIC	814	−20	60	7.4
Assicura Ass.	4,350	−140	130	3.0
Bastogi	1,352	−25	70	5.2
Breda	2,300	−90	150	6.5
Burgo	15,000	−510	350	—
Cantoni	8,970	−30	200	2.2
CIGA	1,460	−140	—	—
Cucirini	4,950	−39	300	6.2

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

JOHANNESBURG

SINGAPORE STOCKS

HONG KONG

CANADIAN WEEKLY LIST

AUSTRALIA

GERMANY

AMSTERDAM

BRUSSELS

PARIS

SWITZERLAND

COPENHAGEN

STOCKHOLM

OSLO

VIENNA

TOKYO

SPAIN

MILAN

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share rices previously shown under regional headings is presented below with quotations n London. Irish issues, most of which are not officially listed in London, are hown separately and with prices as on the Irish exchange.

..lbany Inv. 20p	14	......	Gardiner (L.)	64	+1	Shiloh Spinn.	23	......
..sh Spinning	40	+6	Graig Ship £1	470	......	Sindall (Wm.)	43	......
..ertam	17	−1	Hallam Sleigh 10p	9	......	Vincent (H.)	83	......
..rnoy (G.) 'A'	51	......	Higsons Brew	85	+3			
..dg'wtr. Est. 50p	£125	......	I.O.M. Stm. £1	118	......	IRISH		
..lover Croft	15	......	Holt (Jos.) 25p	185	......	Alliance Gas (£1)	47½	−3½
..raig & Rose £1	312	......	Kleen-e-Ze	28	−2	Carroll (P. J.)	112	......
..undee Ice £1	295	......	Lovell's Ship £1	125	......	Clondalkin	32	......
..son (R.A.)	31	......	N'thn. Goldsmith	74	+7	Concrete Prods.	72	......
..lis & McHdy.	57	......	P.M.A.	43	−1	Goodbody (£1)	38	......
..vans F'r'k. 10p	30	......	Pearce (C. H.)	68	......	Heiton (Hldgs.)	39	......
..vered	13	......	Peel Mills	17	−1	Irish Distillers	56	......
..ife Forge	48	......	Richards 10p	8	......	Irish Wire	40	......
..inlay Pkg. 5p	16	......	RobbCaledon5p	43	......	Jacob	49	......
..rost & Reed 50p	90	......	Sayers 12½p	9	+1	Sunbeam	13	......
..ardiner & Sons	11½	......	Sheff. Refrshmt.	150	......	Unidare	64	......

FINANCIAL TIMES STOCK INDICES

—	June 20	June 19	June 18	June 17	June 16	June 13	A year ago
Government Secs.	58.16	58.12	58.09	58.09	58.14	58.32	55.43
Fixed Interest	57.79	57.75	57.57	57.54	57.59	57.48	54.75
Industrial Ordinary	333.8	328.6	326.0	330.6	335.5	340.6	249.1
Gold Mines	381.9	383.7	378.7	370.0	369.4	379.9	312.0
Ord. Div. Yld.	6.06	6.16	6.17	6.09	6.00	5.95	8.08
Earnings Y'ld.%(full)	17.89	18.16	18.23	17.99	17.75	17.45	20.82
P/E Ratio (net)	8.00	7.88	7.82	7.93	8.04	8.18	6.75
Dealings marked	4,745	4,588	5,745	5,698	5,859	6,554	6,246
Equity turnover £m.	—	58.50	59.47	50.07	48.66	62.68	40.96
Equity bargains total	—	11,575	11,606	15,642	14,266	18,062	13,422

10 a.m. 329.7. 11 a.m. 328.1. Noon 331.4. 1 p.m. 332.2.
2 p.m. 332.7. 3 p.m. 332.8.
Latest Index 01-246 8026. †Excluding regional exchanges.
(a) Based on 52 per cent. corporation tax. (b) Nil=7.94.
Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928 Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/3)	49.18 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/3)	50.63 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.5 (5/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.5 (22/5)	260.3 (20/1)	442.5 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	June 20	June 19
Daily—		
Gilt-Edged	130.7	108.5
Industrials	168.4	167.2
Speculative	43.5	47.8
Totals	108.0	104.4
5-day Av'r'ge		
Gilt-Edged	126.5	126.9
Industrials	188.0	197.7
Speculative	48.2	49.1
Totals	121.2	126.3

FT—ACTUARIES INDICES

—	June 20	June 19	June 18	June 17	June 16	June 13	A year ago
Industrial Group	133.43	131.46	131.94	133.08	134.33	134.02	98.28
500 Shares	146.62	144.49	144.88	146.03	147.03	146.66	106.13
Div. Yield %	6.05	6.11	6.09	6.01	5.97	5.98	7.69
P/E Ratio (net)	7.25	7.15	7.16	7.22	7.25	7.21	6.47
All Shares	144.78	142.83	143.27	144.52	145.59	145.10	103.30
Consols Yield %	14.73	14.72	14.71	14.71	14.70	14.68	15.41

BASE LENDING RATES

AP1 International	9½%	Industrial Bank of Scot.	9½%
Allied Irish Banks Ltd.	9½%	Jacobs, Kroll	11½%
Anglo-Portuguese Bank	10 %	Keyser Ullmann	10½%
Henry Ansbacher	10½%	Kinghurst Securities	12 %
Banco de Bilbao	9½%	Lloyds Bank	9½%
Banco de Jerez	10½%	London & European	11½%
Bank of Cyprus	‡10 %	London Mercantile	11½%
Banque du Rhone S.A.	10 %	Midland Bank	9½%
Barclays Bank	9½%	■ Samuel Montagu	9½%
Barnett, Christie Ltd.	11 %	■ Morgan Grenfell	9½%
Bremar Holdings Ltd.	10½%	Morris Wigram Ltd.	10½%
Brit. Bank of Mid. East	9½%	National Westminster	9½%
■ Brown Shipley	10½%	Northern Comm. Trust	11½%
Cayzer, Bowater Co. Ltd.	10½%	Norwich General Trust	10 %
Cedar Holdings	10 %	Portman Guaranty	11 %
■ Charterhouse Japhet	10½%	P. S. Refson & Co.	9½%
C. E. Coates	10½%	Rossminster Accept'cs.	9½%
Consolidated Credits	12 %	Royal Trust of Canada	10½%
Continental Trade Bk.	9½%	E. S. Schwab	11½%
Co-operative Bank	* 9½%	Security Trust Co. Ltd.	11 %
Copleys Bank	11½%	Shenley Trust	11½%
Corinthian Securities	9½%	Standard & Chartered	9½%
Credit Lyonnais	9½%	Sterling Credit	12 %
G. R. Dawes	10½%	Stewart Salmon & Co.	9½%
Duboff Brothers	11½%	Thames Guaranty	11 %
Duncan Lawrie	10½%	Trade Development Bk.	9½%
English Transcont.	11½%	Twentieth Century Bk.	11½%
First London Secs.	9½%	United Bank of Kuwait	9½%
■ Antony Gibbs	10 %	Wallace Brothers Bank	10½%
Goode Durrant Trust	10 %	Whiteaway Laidlaw	10 %
Greyhound Guaranty	9½%	Williams and Glyn's	9½%
Grindlays Bank	10 %	Yorkshire Bank	9½%
■ Guinness Mahon	10½%		
■ Hambros Bank	9½%		
Hawtin & Partners	13 %		
■ Hill Samuel	§10 %		
C. Hoare & Co.	† 9½%		
Julian S. Hodge	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6½%, and over £25,000 7%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

CORAL INDEX
Close 332-337

I.G. INDEX
GOLD 161-164

Readicut growth overseas

DESPITE THE progress which will continue to be made in overseas markets, Mr. F. A. Newhouse, chairman of Readicut International, sees little possibility of any substantial increase in group profits in the current year.

He finds it impossible to foretell the short-term future but as to the longer term, he has no doubts whatsoever. The Board will continue to intensify its efforts to maintain and if possible improve the company's competitive position, says the chairman.

As reported May 15, group pre-tax profit contracted from £4.43m. to £4.03m. for the year ended March 31, 1975. The dividend total is raised from 0.9581p per share to 1.04138p net.

In the retail division since year-end the satisfactory trend in U.K. mail order operations is being maintained and with an increased advertising appropriation prospects for the current year are good.

At Firth Furnishings in the textiles manufacturing division £1m. will have been spent over about three years on re-equipment and modernisation and the prospects for that company are bright provided the economic climate improves. Prospects of the other companies in this division are cautiously optimistic.

In the yarns manufacturing division the 1970 capital expenditure plans will have been completed in the immediate future, at a cost of £860,000, and while profits are unlikely to rise to any appreciable extent in the current year better trading conditions should apply thereafter, reports Mr. Newhouse.

In the carpets manufacturing division, although further progress is expected to be made in EEC countries, consumer spending on carpets in the U.K. is unlikely to increase substantially during the current year, and a large improvement in profitability is unlikely.

Members are told that overseas expectations for the current year are rather mixed. In the large North American market there is confidence in an increase in profits while in Germany the outlook for additional spending is promising. Progress in Italy is expected to be maintained and a reasonably good year is anticipated in Austria, but in Switzerland, the chairman feels it will be difficult to maintain the current high profit level.

The group balance-sheet at March 31 shows an increase in bank and cash balances from £838,703 to £1.68m., while overdrafts have been reduced from £2.40m. to £1.55m.

Meeting, Leeds, July 16 at 12.30 p.m.

Dundee & London Trust

First half gross revenue of Dundee & London Investment Trust increased from £307,971 to £324,778. The figure for the year to October 31, 1974, was £674,118.

The interim dividend is 0.7p net per 25p share (same). Last year's total was 1.7p.

	6 months 1975	1974
	£	£
Gross revenue	324,778	307,971
Management expenses	16,202	18,883
Interest	62,458	66,388
Revenue before tax	246,118	224,670
Taxation	88,028	65,694
Preference div.	7,428	7,488
Available Ordinary	150,658	151,538
Interim Ordinary	117,600	117,600

Net asset value per 25p share was 62½p (37½p at October 31, 1974).

Portsmouth Sunderland warning

Warning that the current year "will be difficult" for Portsmouth and Sunderland Newspapers, the chairman, Mr. Richard Storey, says that success will depend on the company's ability to restrain costs, while increasing revenue, and the length of time during which the national economy remains deflated.

He reports to members in his annual review that after considerable effort, trade union agreement has now been reached enabling new composition equipment to be used in Sunderland for a trial period. Ultimately this could prove an important advantage to the whole company, he says.

With regard to higher advertising rates and newspaper cover prices, Mr. Storey says that the largest increases that the market would tolerate were introduced when the Price Commission allowed, "but it may soon be unreasonable to expect advertisers and readers to bear price increases to help meet rising costs."

As known, pre-tax profit for the year to March 31, 1975, decreased from £1.36m. to £1.13m. Dividend total is up from 2.3348p to 2.346p net.

Chairman's statement Page 9

Brit. American Film

Excluding losses of wholly-owned subsidiaries amounting to £369,544, against £857,130, profit before tax of British and American Film Holdings increased slightly from £54,417 to £57,264 in 1974, after £44,944, against £38,508 in the first half.

Turnover from publishing, now ceased, was down from £187,643 to £152,698 for eight months.

Stated earnings are up from 0.89p to 1.422p per 5p share and the dividend is raised from 1.29265p to 1.41065p net. The dividend, which absorbs £130,000, is payable from the profits of a subsidiary, "without first making good past losses in that subsidiary and notwithstanding the net aggregate losses in other subsidiaries for the year," say the directors.

The directors explain that the losses in the subsidiaries reflect net aggregation of profits in the two subsidiaries and losses in two other subsidiaries arising principally from writing off in one of them its share of the cost of the film "The Odessa File."

During 1974 revenues from "The Day of the Jackal" and "No Sex Please—We're British" brought about two subsidiaries' profits. Since the end of 1974, however, "The Odessa File" has recovered a considerable part of the production cost, they add.

Comparative figures for 1973 for combined results of subsidiaries include the results of Domino Productions for 8 months only.

ASSOCIATES DEALS

Boys-Stone, Simpson and Spencer bought 16,000 Ferguson Industrial at 56½p on behalf of an associate of that company.

Charterhouse Japhet bought on its own account 5,000 Myson Group at 72½p.

BIDS AND DEALS

Backing for Arklow Pottery

A major investment in the small Irish pottery manufacturer—Arklow Pottery—is to be made by a Japanese pottery concern, Nippon Toki Kabushki Kaisha, of Nagoya, which will provide it with a 29.99 per cent. holding in Arklow. This is just below the 30 per cent. level which, under the Takeover Code, normally requires a bid for outstanding shares.

Nippon will subscribe £115,184 for 359,950 new Arklow shares at 32p each, subject to Arklow shareholders' approval.

Nippon makes fine china and following the link-up Arklow, subject to satisfactory terms being agreed, will participate in a new porcelain tableware manufacturing company which Nippon plans to set up in Ireland.

Arklow already has plans to embark on a £300,000 capital investment programme, to be financed by the Nippon equity and assistance from Foir Teoranta, the Industrial Development Authority and the company's bankers, Allied Irish Investment Bank.

Nippon also proposes to make available up to 30 per cent. of the additional working requirements of Arklow and plans to appoint three directors to Arklow's Board.

THORN BUYS MORE SHEFFIELD TWIST

Rowe and Pitman, Hurst Brown, yesterday bought on behalf of Hambros Bank, associates of Thorn Electrical, 45,000 Ordinary in Sheffield Twist Drill and Steel at 91p per share.

TARMAC-TRUSCON

Tarmac and Truscon announce the formal completion of the sale and purchase of Coolag for £743,000 cash. For the Bitumen Products Division of Tarmac this acquisition represents a significant strategic diversification into the insulation market. Overseas there are opportunities for expansion through the division's subsidiaries in France and Switzerland.

NO PROBES

Mrs. Shirley Williams, Secretary of State for Prices and Consumer Protection has decided, on the information at present before her not to refer the proposed mergers between Adwest Group and Sealed Motor Construction Company and between Myson Group and Sealed Motor Construction Company to the Monopolies Commission.

SEALED MOTOR

Myson Group has now sent out its increased offer for Sealed Motor Construction and has again stressed its conviction that it can more successfully achieve a turnround of SMC's fortunes than can Adwest Group, which has a lower offer on the table for SMC.

The SMC Board originally backed the Adwest offer, but following the increased Myson bid it said it was considering the situation and meanwhile advised shareholders to take no action on either offer.

BRICKHOUSE ACQUISITION

Brickhouse Dudley has acquired from Reed International the capital of Burn Brothers (London) together with freehold land and premises.

Total cost to Brickhouse comprising the consideration for the purchase of the capital and freehold properties and assumption of the responsibility to repay intergroup indebtedness owed by Burns to Reed and its subsidiaries will be £1,229,744 of which £759,843 has been paid on completion and the balance of £469,901 being payable in six equal monthly instalments.

For the year to March 30, 1975, Burns made a pre-tax profit of £260,371 and as at that date had net tangible assets, after adding back the indebtedness to Reed and its subsidiaries and after taking the freehold properties at their 1973 revaluation, of £1,226,918.

Burns primary business is the distribution of drainage materials.

The acquisition will substantially increase Brickhouse's coverage of the U.K. market.

IRISH BANK OF COMMERCE

Irish Bank of Commerce, whose directors are recommending a share exchange offer for the company by City of Dublin Bank, earned sharply reduced profits before tax and extraordinary items of £1,228, against £25,670, in the year to March 31, 1975, while after tax but before extraordinary items a loss of £7,146 was incurred. In 1973-74 the net profit was £16,588.

This is disclosed in documents containing the agreed offer. The IBC directors, owning between them 36.5 per cent. of the shares, propose to accept, while other shareholders holding a further 7.8 per cent. have indicated their intention of doing likewise. The offer closes on July 11.

QUALITY CLEANERS

Quality Cleaners has acquired from Michael Ashcroft Associates the capital of Brylkarn for a maximum consideration of £25,000 cash and 90,000 Ordinary shares of Quality, dependent on pre-tax profits of Brylkarn from April 28, 1975 to March 28, 1976.

The consideration is equivalent to £68,200. The initial payment on June 20 is £15,000 cash and the issue of 30,000 shares and thereafter to the issue of further shares and payment of additional cash.

Newman-TPG details

Documents containing already-announced proposals for Newman Industries to take over all the major-quoted investments owned by Thomas Poole and Gladstone China—other than the 25.6 per cent. stake in Newman owned by TPG—have now been sent out.

The deal provides for Newman to acquire Thomas Poole and Gladstone Investments, which owns the TPG Investments, together with the benefit of £30,000 owned by Mr. M. C. Abbott, promissory notes totalling £100,000 issued by Smithamcote, a balance of £144,000 with a clearing bank and TPG's leasehold interest in its administrative offices. For this, Newman will pay £325,000 of which £216,000 has been paid on account.

The major TPG investments comprise 33.9 per cent. of Alfred Clough, a pottery company, 29.9 per cent. of Metropole Industries, manufacturers of pneumatic and hydraulic control valves; 22.2 per cent. of Agar Cross and Company, exporters of electrical and water supply equipment to West Africa; and 20.8 per cent. of Dover Engineering Group (where Mr. M. C. Abbott is chairman).

It is also planned for Newman to acquire from Strongpoint—a company owned by Mr. Alan Bartlett and Mr. J. K. Laughton who are chairman and deputy chairman respectively of both TPG and Newman—a 10.8 per cent. stake in TPG, with Strongpoint retaining a 16 per cent. holding.

Extraordinary meetings of both Newman and TPG to approve the deals will be held on July 8.

There are also plans for an "Industrial Co-operative" which, among other things, would give workers of Newman, TPG and the four companies in which TPG has holdings, the option to buy a new class of equity, but Mr. Bartlett says there is still "a very considerable amount" of work to be done in preparation of the co-operative.

THAMES RICO

Rico Petroleum and Thames Liquid Fuels have formed a jointly-owned U.K. company Thames Rico, which extends Rico Group's trading activities in Europe.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial *engagements during the week. The Board meetings are mainly* for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's *timetable*.

TO-DAY

COMPANY MEETINGS—
Canadian and Foreign Investment Trust, 9 Bishopsgate, E.C., 11.30
Dunlop, Hotel Meurice, Bury St., S.W., 12
Early (C.) and Marriott, Witney Mill, Witney, Oxfordshire, 2.30
Hanover Grand, Winchester House, 100, Old Broad St., E.C., 10
Hongkong (Selangor) Rubber, 1, Great Tower St., E.C., 12.30
News International, Stationers Hall, E.C., 12
Spencer Turner and Boldero, Abercorn Rooms, E.C., 11.45
Turnbull Scott Shipping, Baltic Exchange Chambers, E.C., 12

BOARD MEETINGS—
Finals:
Brown and Tawse
Davis (Godfrey)
Giltspur
Joseph (Leopold)
Lankro Chemicals
May and Hassell
Whitecroft
Interims:
Castlefield (Klang) Rubber Estate
Great Northern Investment Trust
Killinghall (Rubber) Devpt. Syndicate
Morris (Herbert)

DIVIDEND & INTEREST PAYMENTS—
African Lakes Corp. "A" shares, 3.65625p
Clarke (Clement), 1.2p
Dolan Packaging Ln. stk., 4½pc
Downs Surgical, 1.3p
Goodrich (BF), 28 cents
London *and Provincial* Shop Centre, 0.3735p
News Intl., 3.4375p
Saker's Finance and Invest. Corp Pref., 2.25pc
Selected Risk Invests SA 25 cents
Turnbull Scott Shipping Ord. and "A." 4.414p
Wemyss Investment Co., 2.8p

TO-MORROW

COMPANY MEETINGS—
British Shoe Corporation, 22, Park St., London, W., 11.10
Bunzl Pulp and Paper, Abercorn Rooms, E.C., 11.30
House of Fraser, Glasgow, 12.
Lake View Investment Trust, Winchester House, E.C., 11.30
Runciman (Walter), 52, Leadenhall St., E.C., 12
Sears Holdings, Selfridge Hotel, Orchard St., W., 12.

BOARD MEETINGS—
Finals:
Allien (Edgar)
Bassett (George)
British Cotton and Wool Dyers Ass.
CNA Invs.
Dawson Intl.
Electrocomponents
Evans of Leeds
Fowler (D. and J.)
GRA Prop. Tst
Highgate and Job
Imp. Cont. Gas Ass.
Leigh Interests
Mansfield Brewery
Permali
Russell Bros. (Paddington)
S. and U. Stores
Somic
Tecalemit
Interims:
Abbey Panels
Allied Breweries
Walmsley Bury

DIVIDEND & INTEREST PAYMENTS—
Canadian and Foreign Inv. Trust, 1.6125p
Castle (S.), 0.7p
Direct Spanish Telegraph, 2.75p
Estate Duties Invest. Trust, 4.2p
Folkes (John) Hefo Ord. and Non-voting Ord., 0.267056p
GHP Group, 4.27p
House of Fraser, 3.38575p
Johnson and Firth Brown Ln. Stks. 4¼pc
Manchester 3pc Red. Cums. 1½pc. Do. 4pc Cons. 2pc
Metropolitan Water Board Kent WW 3pc. 1½pc
New Ireland Assurance, 3.384p
Totalisators and Greyhound Hldgs., 0.535p

WEDNESDAY, JUNE 25

COMPANY MEETINGS—
British Home Stores, Marylebone House, N.W., 11.30
FPA Construction, Hallam Tower Hotel, Sheffield, 12
Fairbairn Lawson, Leeds, 12.15
First Finsbury Trust, Westbury Hotel, W., 11.45
Hanger Investments, Chamber of Commerce, Birmingham, 11
Harcros Investment Trust, 1, Great Tower St., E.C., 11.30
Panto (P.), Mansion Hotel, Eastbourne, 12
Porvair, King's Lynn, 11.35
Seccombe Marshall and Campion, 7 Birchin Lane, E.C., 3.30
Swan Hunter, Newcastle upon Tyne, 3
Tootal, 56, Oxford St., Manchester, 12

BOARD MEETINGS—
Finals:
BPB Inds.
Baker Perkins
Burtonwood Brewery (Forshaws)
Continuous Stationery
Dorman Smith
Emray
Lamont Holdings
London and Overseas Freighters
MK Electric
Plessey
Technology Inv. Tst.
Trident Group Printers
Interims:
Ashmole Invest. Tst.
Crest Nicholson
Greenfield Millets
Lincroft Kilgour
Throgmorton Tst.

DIVIDEND & INTEREST PAYMENTS—
Bestwood, 0.68p
Bolton 13½pc Bds. Red. 25/6/75. £6.9719
Boosey and Hawkes, 2.64p
Bradford 13½pc Bds. Red. 25/6/75. £6.9719
Castle Point 13½pc Bds. Red. 25/6/75 £6.9719
Celanese Corp., 70 cents
Chesebrough-Ponds Inc., 34 cents
Franklin Mint 10 cents
Glasgow 13½pc Bds. Red. 25/6/75. £6.9719
Hartlepool 13½pc Bds. Red. 25/6/75. £6.9719
Kingston-upon-Hull 13½pc Bds. Red. 25/6/75. £6.9719
Manchester 13½pc Bds. Red. 25/6/75 £6.9719
North West Leicestershire 13½pc Bds. Red 25/6/75. £6.9719
Outwich Investment Trust, 1.25p
Oxford 13½pc Bds. Red. 25/6/75. £6.9719
Poole 13½pc Bds. Red. 25/6/75. £6.9719
Reigate and Banstead 13½pc Bds. Red. 25/6/75. £6.9719
St. Helens 13½pc Bds. Red. 25/6/75. £6.9719
Scunthorpe 13½pc Bds. Red. 25/6/75. £6.9719
Spencer Turner and Boldero, 7.386p
Stafford 13½pc Bds. Red. 25/6/75. £6.9719
Suffolk 13½pc Bds. Red. 25/6/75. £6.9719
Taff-Ely 13½pc Bds. Red. 25/6/75. £6.9719
Tendring 13½pc Bds. Red. 25/6/75. £6.9719
Windsor and Maidenhead 13½pc Bds. Red 25/6/75. £6.9719

THURSDAY, JUNE 26

COMPANY MEETINGS—
Central Line Securities, Saddlers' Hall, Gutter Lane, E.C., 2.30
Chalmers (E.), 7 West George St., Glasgow, 12
De Vere Hotels, Connaught Rooms, Great Queen St., W.C., 12
Edinburgh Industrial Holdings, Connaught Rooms, W.C., 12
Embankment Trust, 21, Moorfields, E.C., 12.15
Folkes (John) Hefo, 75, Harborne Rd., Birmingham, 12
Globe Investment Trust, Electra House, Victoria Embankment, 12.15
Hewden-Stuart, Glasgow, 12
Mallinson (William) and Denny Mott, 130, Hackney Rd., E., 12
Reed (Austin), 16, Sackville St., W., 12
Steel Brothers, Sondes Place, Dorking, 12
Summers (O. C.), 950, High Rd., Finchley, 12
Wolters Brothers, Fairfield Halls, Croydon, 10.30

BOARD MEETINGS—
Finals:
Associated Television
Brickhouse Dudley
Elliott (B.)
Graham Wood Steel
London and Midland Industrials
Marshall (Thomas) Invs.
Racal Electronics
Shaw Carpets
Sheepbridge Eng.
Spear (J. W.)
Stead and Simpson
Trustees Cor.
Interims:
Blundell-Permoglaze
Hardys and Hansons
Sidlaw Inds.

DIVIDEND & INTEREST PAYMENTS—
FPA Construction, 0.625p
Frost *and Reed*, 3.25p
Hurst (Charles), 2.54p
Samuel (H.) Ord. and "A." 6.375p
South Wales Cinemas, 1p
Trust Union, 1.1p
Young Companies Inv. Trust 1.6p

FRIDAY, JUNE 27

COMPANY MEETINGS—
Aberdeen Construction, Station Hotel, Aberdeen, 12
Bilton (Percy), Bilton House, Ealing, W., 12
Costain (Richard), St. Ermin's Hotel, Caxton St., S.W., 12
French Kier, Waldorf Hotel, Aldwych, W., 11
Harrison (James) Holdings, 9, Eglinton Crescent, Edinburgh, 12
House of Lerose, 25, Old Burlington St., W., 12
Mentmore Manufacturing, Winchester House, Old Broad St., E.C., 12.
Morgan Crucible, Clase Rd., Swansea, Glamorgan, 3.15
Scottish Ontario Investment, 29, Charlotte Square, Edinburgh, 12.30
Silentnight, Winchester House, Old Broad St., E.C., 12
Tebbitt Group, Institute of Directors, 10, Belgrave Square, 12.15

BOARD MEETINGS—
Finals:
Bishops Stores
Rediffusion
Scapa Group
Wrighton (F.)
Interims:
Chown Secs.
Lookers

DIVIDEND & INTEREST PAYMENTS—
Aberdeen Construction, 2.0583p
Aberdeen Trust, 1.167p
Alginate Inds., 0.1p
American Assoc. Debs., 2½pc
Anglo African Finance, 0.554p
Ayrshire Metal Products, 1.75p
Ballantyne (Henry) and Sons Pref., 2.1pc
Belgrave Assets, 0.25p
Berry Wiggins, 1.225p
Cambrian and General Secs., 1.625p
Capseals, 0.669p
Cope Allman Intl., 1p
Dwyer and Co. "A" and "B," 1.5p
Exchequer Stock 6½pc 2000-03, 3¼pc
Ferrier Pollock Co. Deb., 2½pc
Finance stk. 11pc 1979, 5½pc
Folkestone and District Wtr. 2.8pc Pref. stk. (non-Cum.) 14pc. 2.8pc Red. Pref. stk. 1965-75 1.4pc. 3.15pc Red. Pref. stk. 1978 1.575pc. 4.55pc Red. Pref. stk. 1980-81 2.275pc. 4.9pc Red. Pref. stk. 1986-88 2.45pc. 7pc Red. Pref. stk. 1975 3.5pc. Deb. stks. 2, 2½, 3½, 5pc
Fortnum and Mason 7pc Pref., 2.45pc
Foxboro, 15 cents
French (Thomas), 0.65p
Govett European Trust, 1.6p
Harrisons and Crosfield 6½pc Pref., 2.275pc
Henderson (P. C.) Group Ord. and "A." 1.995p
Irish Civil Service Building Society, 10p
Lyndale Group, 0.65p
Northern Industrial Improvement Trust, 1.5p
Parkes (John C.) Sons Deb. stk., 3 pc
Pfizer Inc., 19 cents
Scottish Mortgage Trust Co., 1.6p
Tarmac, 4.345p
United States Trust Invest. Fund 2 cents
Universal Oil Products, 22.5 cents
Wadham Stringer, 0.65p
Walker (C. and W.) 1.25p. Do. 5.25pc Ptg. Pref. 4.15pc
West Bromwich Spring, 0.68744p
Wood Hall Trust 6½pc Pref. 2.275pc

SATURDAY, JUNE 28

DIVIDEND & INTEREST PAYMENTS—
Chalmers (E.), 0.5267p
Glenmurray Investment Trust, 0.6p
Guest Keen and Nettlefolds (Overseas) Deb. stk. 2½pc. Do. U.K. Deb. stks. 2½pc. 3¼pc. 3½pc. 3½pc. 3½pc. 4½pc. and 5½pc
Morland and Co. 3½p
Wolverhampton and Dudley Brews. 6pc Pref., 2.1pc

FINANCIAL TIMES REPORT
Monday June 23 1975

NOTTINGHAM

Local government reorganisation and the worsening economic climate have involved a great deal of rethinking by the local authority in Nottingham. But a wide spread of local industry has enabled the city to grow and prosper and at the same time to provide reasonably full employment.

City adapts to new role

JOHN CARROLL has strong views about local government—and particularly about the role of Nottingham City Council. "With reorganisation a lot of people wrote off the new districts as little more than parish councils acting as messenger boys for the counties. But it has not worked out quite like that," he says with a smile. "We had our problems with the county but I think we have now established a fair amount of autonomy."

Short-sleeved at his desk in the leader's office of Nottingham's magnificent white-stone Council House, he is conscious of the city's tradition. Even before the end of the last century, with its prosperity built upon the lace, hosiery and cotton trades, Nottingham Corporation's administrative area extended to a population of nearly 250,000.

From a history as an all-purpose authority, under reorganisation the council has had to shed important powers like education and strategic planning to the county council. "There is even more confusion in the public mind now about who they are paying for providing which services. Not only do we get the complaints from ratepayers for things over which we have little control, but we have the difficulty of ensuring all the agencies — including water and hospital authorities — are moving in step."

The point is taken up by the chief executive, Mr. M. H. Hammond. "We look over our shoulders to the day when we controlled all functions. It is very sad because you can appreciate how previously things could have been done more easily for the people of this city. That is what we have to live with, and it is not easy."

But what has generated much of the dissatisfaction with reorganisation of local government is the parallel and dramatic decline in its financial strength. From a position where local councils were being called upon to accept more and more responsibilities for enhancing public leisure and recreation facilities they are forced into cutting back basic programmes such as housing.

While inflation is moving apace and improved services are being demanded, Government is urging that in the interests of the national economy spending must be restrained.

John Carroll explains that his Labour majority has taken the view that spending must be confined not to what is desirable but to what is essential. Nevertheless he is loath to sanction cuts which would severely check the momentum of urban renewal and househuilding programmes.

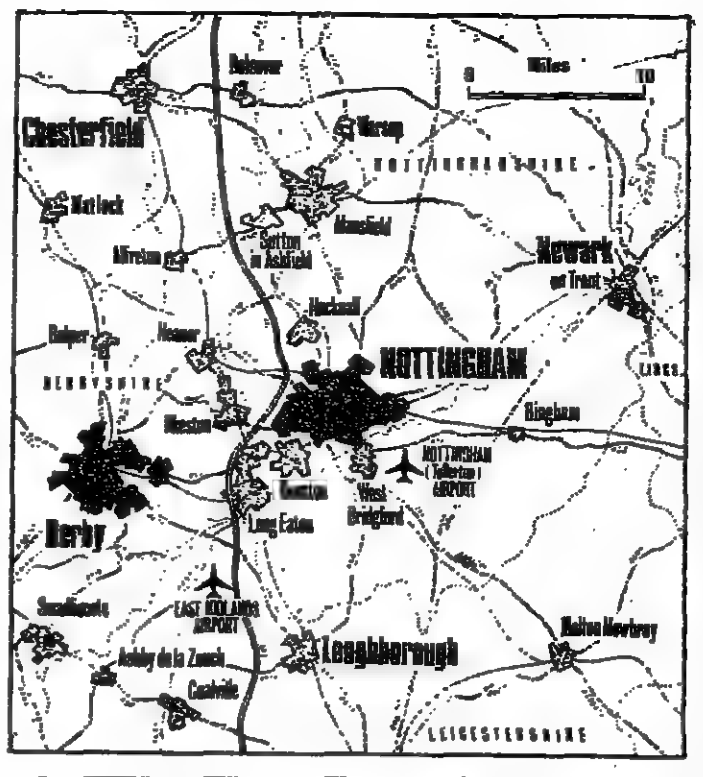
Confronted with an ageing housing stock, the Council is currently clearing 2,000 dwellings a year and hopes to deal with the worst houses by the 1980s. In addition some 25,000 new homes need improvement, of which 1,500 are currently under contract, while new homes completed by the local authority in the last financial year reached 1,561 and a similar level is expected this year.

Economies

"We don't want to make economies so severe at this stage that we cannot move back into top gear as soon as the Government calls for it," Mr. Carroll protests. He explains that local authorities are "easy meat" for Government at a time when reductions in public expenditure are required, but is convinced that within the next couple of years the pressure will be on for higher spending to help tackle the problem of unemployment.

For Nottingham itself unemployment has not been a particular problem, with the number of jobless tending to move very much in line with national trends. A wide spread of local industry has enabled the city to withstand the vagaries of the national economy.

The three principal companies — Raleigh Industries, John Player and Son, and Boots —have not only grown and prospered with the city but have also enjoyed fairly stable employment records.



This Report was written by ARTHUR SMITH

The principal concern for the future centres upon the traditional lace and textile industries where around 10 per cent. of the city's 170,000 labour force is employed. Hit by a fall in home demand and the impact of cheap imports, much of the industry is working short time and, without some early action by the Government, there are fears of widespread redundancies and possible closures.

Attention is also being focused on the overall strategy for the future development of the local economy. Recognising that Nottingham's diversified employment base has proved its strength in the past, the council is determined it should not lose out in developing dynamic new industry.

John Carroll maintains that the county and central government policies of encouraging growth industries to expand not in Nottingham but in more depressed areas like Mansfield poses a threat to the city. While it is acknowledged that manufacturing employment will tend to relocate away from the central areas, the Council is seeking to make land available and provide low cost accommodation to nurture "seed bed industries" which will generate the employment opportunities of the future.

It is a point which the forthright Mr. Carroll sought to establish at an early date with the county council. The apparently naive question of whether it is not much easier for the Labour controlled Nottingham council to establish understanding with the county now that it too has a Labour majority brings only wry amusement.

"We had to argue our case strongly," Mr. Carroll says, and adds with a smile: "I think the county is now prepared to act more sympathetically. They have certainly stopped raising objections to the need for existing firms to be allowed to expand in Nottingham."

By contrast with the manufacturing sector, the problem with service industry—and particularly office development—is to keep growth under control. With its geographic advantages and good communications close to the motorway network, Nottingham is already the largest service centre in the East Midlands with some 4.4m. square feet of offices. In the period 1966 to 1973, largely as a reflection of the boom in office development, the proportion of the workforce employed in the service sector grew from 45 per cent to 53 per cent.

Permits

Concerned that the situation might get out of hand, the city council decided rather wisely in August 1972 to clamp down on future development permits in the central area. Because of this advance action there is no undue concern about the fact that more than 400,000 square feet of office accommodation is currently standing empty while a similar amount is still under construction.

The city planning department is confident that, with negligible outstanding consents, the surplus should be taken up comfortably within two to three years.

Nottingham's regional importance has been enhanced by two major shopping developments—the £17m. Victoria Centre and the £10m. Broad Marsh Centre—which have boosted the city's retail space from 3.1m. square feet in 1965 to 4.1m. square feet this year.

Fears that the projects would have a devastating effect upon secondary areas have not materialised and vacancy rates running at around 5 per cent. throughout the city are regarded as fairly normal.

Indeed the issue on which the retailers have now focused attention is the county council's plans to put controls on the free movement of private cars and encourage people to make use of a more frequent and more efficient bus service. The Nottinghamshire Chamber of Commerce has warned that the trial scheme to be introduced on the western side of the city in August may not only prevent shoppers travelling to the central area but could also cause widespread disruption of commerce and industry.

The experiment forms part of the city council's radical strategy to deal with the all too familiar problems of traffic [illegible]gestion. The highway plan ad[illegible]ted by the council in 196[illegible] which would have inv[illegible] spending around £200m. at [illegible] day's costs on a new ur[illegible] motorway system—was ab[illegible]doned in October 1972 in fav[illegible] of traffic control and the p[illegible]motion of public transport. "[illegible]stead of cars being our mas[illegible] we intend to make them [illegible] slaves," is how John Carr[illegible] stridently describes the pol[illegible]

Over the last two years [illegible] municipal bus fleet has b[illegible] expanded dramatically so [illegible] services into the city can [illegible] increased by around 33 per [illegible] Services are also being pro[illegible] on new routes and a free [illegible]tral area service, linking [illegible] car parks, bus stations [illegible] shopping complex, already [illegible]ries more than 100,000 pas[illegible]gers a week.

But the feature which [illegible] excited controversy about [illegible] proposed experiment is [illegible] priority to be given to bu[illegible] and the delays that will [illegible] imposed upon private vehicl[illegible] The council, however, makes [illegible] point that six out of every [illegible] commuters in the city [illegible] already travel by public tra[illegible]port and that, along with a m[illegible] frequent bus service, four pa[illegible]and-ride sites will be provid[illegible] on the outskirts of the city.

Criticism, exaggerated [illegible] some of it may be, is only [illegible] be expected for what is a fa[illegible] radical departure from al[illegible] only a couple of years ago [illegible] accustomed wisdom.

Perhaps the overall strat[illegible] reflects the determination of [illegible] proud council to seize [illegible] initiative and offer a le[illegible] Though its powers are c[illegible]tailed by reorganisation, [illegible] council feels the city of Nott[illegible]ham still has an important [illegible] to play.

Diversity of industry

NOTTINGHAM HAS grown and prospered by its industry—and there is a determination that its future development should not be allowed to falter. The city council has drawn attention to the fact that both central Government and county council policies have been to direct employment away from Nottingham towards areas with higher unemployment and other symptoms of economic malaise.

Pointing out that the proportion of the workforce employed in the manufacturing sector has dropped damatically from 45.7 per cent. in 1966 to 37.6 per cent. in 1973, the council has stressed the need to retain expanding companies and provide the facilities for new growth industries.

The city planners are conscious that Nottingham's strength has come from the diversity and range of its industry. The three principal employers—Boots, the chemist, John Player and Sons, the tobacco concern; and Raleigh Industries, the cycle manufacturer — all started as small "home-grown" concerns and built themselves up to their present scale of operations.

Engineering skills and expertise are important, with companies producing aeronautical, marine, and telecommunications equipment—indeed all the trades from brewing to cricket bat manufacture are represented.

The city has not been hit unduly by the downturn in the national economy and unemployment, in line with national trends, has nudged its way upwards to 3.4 per cent. "The problems we face here are pretty much the same as those which confront businessmen throughout the country, but there is a tendency in this part of the Midlands to get your head down and work for better results rather than bemoaning the situation," says Mr. C. W. Russell, the assistant secretary of Nottinghamshire Chamber of Commerce.

But there is concern for the future of Nottingham's traditional industries of lace-making, and hosiery and knitwear manufacture, in which something like 10 per cent. of the working population is still employed.

Outlook

Mr. J. P. Harrison, secretary of the Nottingham and District Hosiery Manufacturers' Association, is gloomy about the outlook. A survey taken in May of local companies revealed that the vast majority were working to less than 70 per cent. capacity, and that nearly half the concerns had been forced to put their workers on short time. To add to this depressing picture, very few firms expressed any optimism of an upturn in either home or overseas trade.

So far there have been no notable business failures, but Mr. Harrison warns: "Unless there is any improvement within the foreseeabe future the short time working will have to be translated into redundancies, and thereafter plant closures could follow on a scale which would be very damaging to the economy of the area."

The blame for the current situation is placed partly upon the downturn in the retail trade in the U.K. but, more important, upon the penetration of cheap foreign imports. Nottingham took part in the demonstrations which were organised on a national scale to press the Government into introducing a 20 per cent. across-the-board cut on imports of all textiles and clothing.

Accepting with studied courtesy the fact that the present Administration has set its face firmly against such direct intervention in international trade, Mr. Harrison argues that the offer of the Prime Minister for help in stockpiling goods is no answer to the situation. "The sort of garments we produce are high fashion articles which cannot just be stored like bars of steel." Moreover, he points out that if garments are stockpiled until demand picks up, they will then have a depressant effect on the market.

While insisting there can be no substitute for direct action to cut back imports, Mr. Harrison does suggest two measures which could offer some relief: the extension of regional employment premium to all firms engaged in the manufacture of textiles and clothing, or the imposition of zero-rated value added tax which would cut the price of garments 8 per cent. and thereby give a stimulus to sales.

More outspoken criticism of the Government's refusal to control imports comes from Mr. R. G. Walton, Secretary of the British Lace Federation, an industry centred upon Nottingham where some 8,000-9,000 workers are still engaged in the trade.

Again there have been no major closures or redundancies but most of the companies are operating below full capacity and short-time working is common. "All we get from the Government is soft words and no action. Other countries restrict imports. Why are we always the suckers?" Mr. Walton asserts.

He cites in particular the case of Australia where he says a new quota system will cut British lace exports to a third of what they were last year. "We are suffering not just from cheap imports from the Far East and East European countries but also from restrictions on our exports."

Pointing out that the lace industry is dependent upon fashion, Mr. Walton suggests

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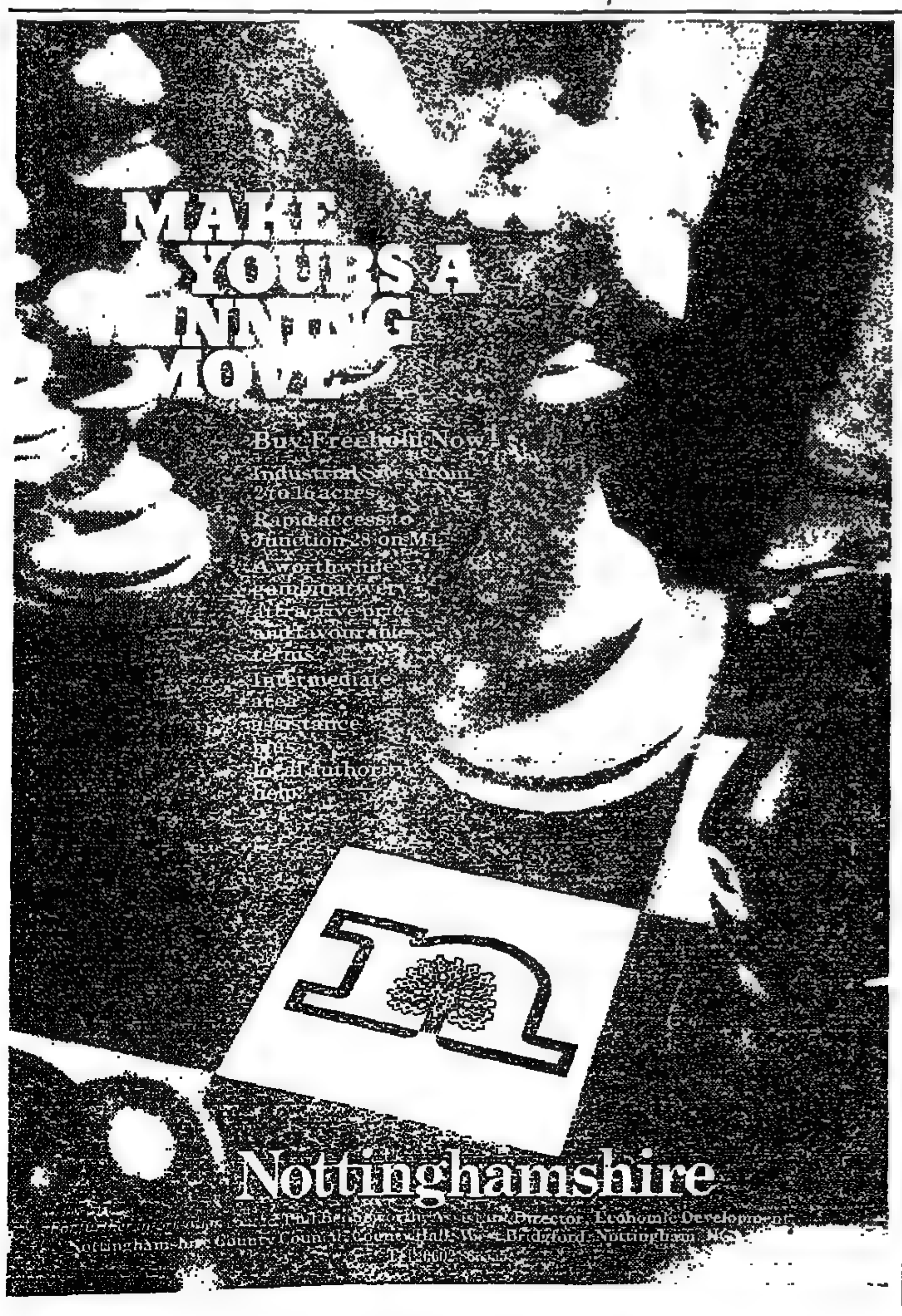
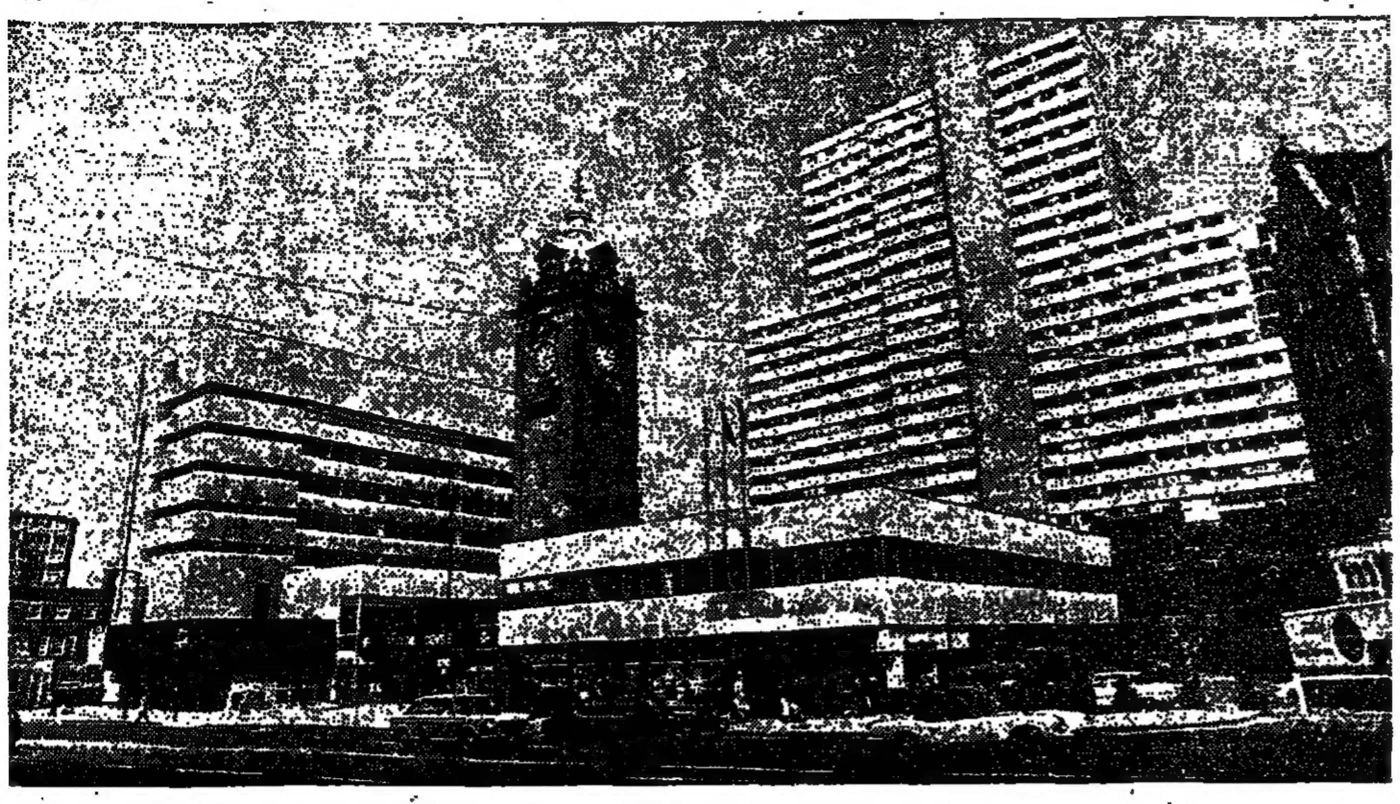


Property development

NOTTINGHAM HAS enjoyed office and retail development on a massive scale in recent years—a trend which has enhanced its importance as a regional administrative and service centre. The fact that more than 400,000 square feet of office accommodation is currently vacant and that a similar amount is still under construction causes no undue concern as supply has tended to move ahead of demand.

The city experienced a surge of office projects in the early 1960s with the result that by the time the Government introduced the office development permit system of controls in 1966 around 400,000 square feet of accommodation was standing empty. The surplus was readily absorbed and with the easing of controls Nottingham proved an attractive city for the developers in the last property boom.

However, fearing that provision of offices in the central area was becoming excessive, the city council intervened in August 1972 with a clampdown on planning consents. Indeed in the period 1966 to 1973, and largely as a result of the growth of office employment, the proportion of the workforce employed in the service sector increased from 45 per cent. to 53 per cent.



The Victoria Centre

Consents

Schemes currently underway in the city represent the backlog from the previous boom and will meet Nottingham's needs for the next two to three years. Mr. Stephen Byrne, the city planning officer, says the council is still applying a very restrictive policy on consents and is able to adopt a selective approach allowing office development only where it fits in with plans for redevelopment. The emphasis is now upon refurbishment of existing facilities although the council will "look with sympathy" at future projects which involve redevelopment.

The office development situation is being closely monitored by the city planning department and the latest figures show a 10 per cent. vacancy level for the total stock of 4.4m. square feet.

Around 120,000 square feet of space currently vacant is comprised of property which has planning consent for or already has been refurbished.

Of the remaining accommodation, three properties offer around 50,000 square feet, with the rest falling below that level. The former post office building in Queen Street has 53,000 square feet, Collage House in Derby Road, 50,000 square feet, and Barrasford House in Wollaton Street 46,200 square feet.

Some 430,000 square feet of offices is currently under construction but one scheme alone accounts for just over half the total; the £10m. project by Interland Estates will provide 212,000 square feet of space in two inter-connected blocks on either side of Toll House Hill. Work on the complex, which overlooks the Chapel Bar roundabout at the junction of Maid Marian Way and Derby Road, is well advanced.

Obviously with so much property already on the market and more becoming available, rents are hardly buoyant. Accomodation is usually offered in the £1.50 to £2 a square foot range but the prestige sites may command £2.50. Nottingham agents, Walker, Walton, Hanson report that demand for offices is very quiet at the moment but say there is always a ready demand for shop units. Indeed, the city has made great strides on the retail front over the past few years with the completion of, first, the £17m. Victoria Centre, and then the £10m. Broad Marsh Centre which was officially opened this year.

The Victoria complex, a two-storey air-conditioned shopping precinct, has attracted many of the principal national retailers and has more than 100 shops in addition to large stores and a covered market area. Equally successful is Broad Marsh, which covers a 13-acre site and offers 500,000 square feet of fully-covered shopping on three levels.

Under the city council's policy of pedestrianisation of the central area the streets between the two major centres are almost completely traffic free and the route forms the central spine of the shopping area. Fears were expressed by some retailers in the early days that the rapid increase in retail space—from 3.1m. square feet in 1965 to 4.1m. square feet this year—would have a devastating effect upon traditional shopping areas.

While some shops away from the principal route must have suffered loss of trade the impact does not appear to have been as great as once feared. Mr. Byrne says the situation is being monitored carefully but there is no real evidence to suggest an over-provision of shopping facilities.

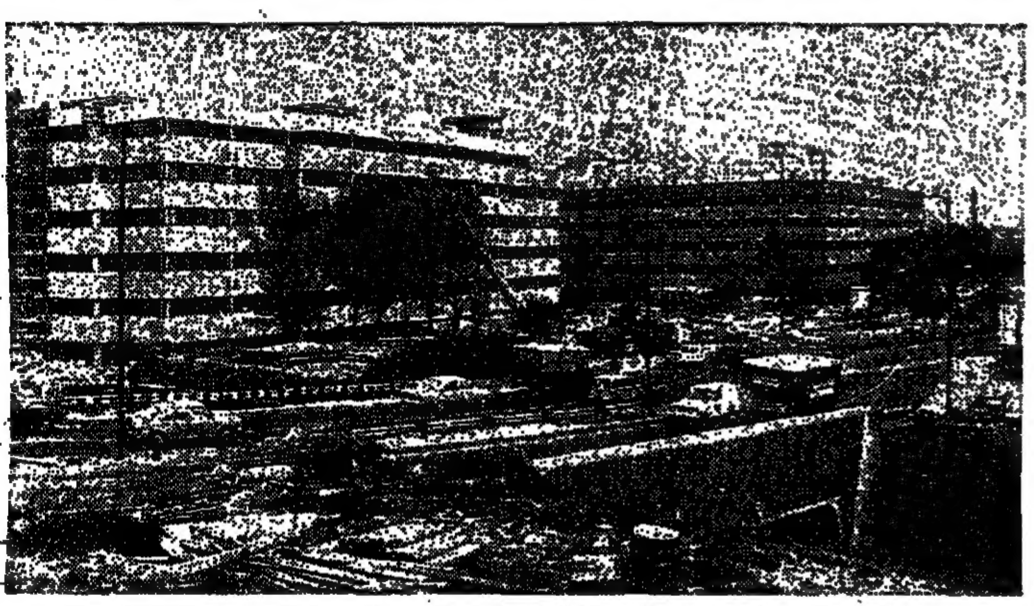
"The feeling we get is that the new centres have increased the pulling power of Nottingham and attracted more business for everyone." As a retail centre the city can draw upon a wide catchment area with a population of between 750,000 and 1m.

There has been a fair amount of movement by retailers—Boots, and Jessops (part of the John Lewis concern) moved into the Victoria Centre, for example—but the sites vacated have been taken up quickly by other stores. The planning department says that the vacancy rate for shops throughout the central area, running at around 5 per cent., is fairly normal.

Shopping

Parallel to the growth of shopping in the central area, the city council has tried to encourage improved facilities at district centres. The new St. Ann's centre is already complete and it is hoped to make progress at Bulwell, principally by renewal and refurbishment, though there will be some new building: traffic is also to be diverted from the centre so that the area can be pedestrianised. Bulwell is also the location chosen for a leisure centre which will include the full range of facilities including swimming pools and a sports hall.

The property market may be very much in the doldrums at the moment but Nottingham was fortunate enough to set the pace when the going was good. Retail developments in the central area should certainly be sufficient to meet needs into the early 1980s while the supply of office accommodation is adequate for at least two to three years; within that time the national economic situation should have become clearer and Nottingham will be well prepared to take advantage of further commercial growth.



The new University Hospital and Medical School nearing completion.

Industry

CONTINUED FROM PREVIOUS PAGE

that new styles or trends could create an improvement in the situation.

Fortunately for Nottingham, the three major companies have not suffered such vicissitudes and have experienced steady growth and been able to offer fairly stable employment opportunities.

Boots, the chemist, employs around 11,500 people at its factories, shops and warehouses in the Nottingham area. The company says that it is backing its future in the district with further capital investment and a new £5m. pharmaceutical factory is scheduled to open at Beeston this summer.

John Player, which was established in the city in 1877 but is now part of the Imperial Tobacco group, has three of its five factories in Nottingham and employs nearly 7,000 full-time workers.

A limited amount of short-time working has had to be introduced in the wake of the Budget increase in tobacco duties but the company is confident that the market will even out and that normal production will be resumed quite quickly.

Raleigh Industries, the Tube Investments company, expresses "cautious optimism" for the future. The Nottingham plant on a 64-acre site is one of the largest cycle manufacturing factories in the world and some 8,800 workers are employed.

Despite the downturn of sales in the United States market which put the Worksop plant on a three-day week, there have been no redundancies at Nottingham and none are envisaged. A company spokesman said that the U.K. market remains buoyant, a new range of models is being introduced and export success is being realised in areas like the Middle East and West Africa.

In employment terms, coal mining has played a lesser part in the affairs of Nottingham but the country is rich in reserves and the increased demand for the fuel has boosted prosperity. Babbington Colliery is the only remaining pit within the city and is expected to remain in production at least until 1981.

Routine

The nature of Nottingham's industry, with a fair amount of routine production work suited to women workers—whether in the lace, textile, or tobacco sector—has led to a marked divergence between male and female unemployment rates.

The current overall 3.4 per cent. unemployment figures break down to give a level of 4.9 per cent. for men and 1.1 for women, though the gap has been wider. Despite the fact that the city has much female labour the rate of unemployment for women over the past four years has fallen as low as 0.4 per cent.

The shortage of female labour has been exacerbated in recent years by redevelopment of central areas which has involved the movement of firms away from housing areas and from their traditional labour supplies.

The situation has not passed unrecognised by the city planners who point out that the drift to the outer areas has created a rapid decline in manufacturing industry far in excess of national trends and a massive structural change from manufacturing to service employment.

Conversion

While recognising that it may not be possible to halt the movement out of manufacturing, the council is nevertheless determined to encourage firms to stay within the city by making land available. The point is also made that there is a strong case for looking beyond existing firms and encouraging new industry to locate in the inner city.

To provide opportunities for firms affected by clearance proposals, the council is considering buying older premises which are suitable for conversion to flatted factories or workshops and renting or leasing them on.

Mr. Stephen Byrne, the city planning officer, says that ways of providing low cost premises are currently being studied. "We want to offer facilities to attract the seed bed industries. The local economy has been resilient in the past but we must also look to the future and ensure a diversified employment structure."

There is no current shortage of industrial land and sites totalling around 52 acres are immediately available. Nearly half of this land is in private as opposed to local authority ownership but in the current troubled investment climate developers are showing little interest in speculative units.

Planning permission has been granted for another 154 acres but the sites are not yet ready for use, while a further 74 acres have been allocated for industry but await consent.

The council is very conscious of the efforts it must make to ensure that the city's industrial base remains strong and prosperous. Companies which in more buoyant times might have been allowed to move out will be offered every encouragement to seek their future in Nottingham.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 70¾% (based on $2.2710 per £)

CANADIANS

S.E. List Premium 70¾% (based on $2.2305 per £)
Conversion factor 0.5869 (0.5870)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Oct. Apr.	Johnson Clurs.	32	21.3	8.7	1.6	10.5	9.0
Feb. Aug.	Johnson Mth. £1	290xd	16.6	10.2	ϕ	5.4	ϕ
May Nov.	Judge Int.	29	5.5	7.6	3.6	10.1	4.3
May Dec.	Kalamazoo 10p	24	21.4	16.2	2.7	10.4	5.5
June Jan.	Kelsey Ind. 12½p.	38	2.6	d1.9¾	4.7	10.0	3.3
April	Kennedy Sm. 10p.	16	10.2	14.4	1.0	13.8	10.8
Nov. April	Kershaw (A.) 5p.	750	10.2	240.1	0.7	2.5	12.8
Oct. Apr.	Kleeman	195	10.3	15.6	4.1	3.1	12.3
June	Kode Int.	27	21.4	4.9	ϕ	7.0	ϕ
January	L.C.P. Hlds.	47	24.12	11.2	2.3	9.1	7.0
Dec. June	L.K. Ind. Inv.	17	2.6	d7.8	ϕ	17.7	ϕ
Apr. Sept.	L.R.C. Int. 10p.	29½	13.1	26.7	1.9	13.9	5.2
Nov. Apr.	Lamsco Inds.	82½	24.3	11	3.5	5.1	8.0
May Dec.	Lawtex	31	7.4	10.3	4.2	12.8	2.3
Jan. Nov.	Lead Inds. 50p.	108	5.5	9.4	5.9	6.7	3.9
Oct. May	Le Bas (Ed.)	30	2.9	5.5	6.9	7.1	3.1
Dec. June	Leboff Fobel 10p.	36xd	16.6	10.3	ϕ	4.4	ϕ
April	Lebus Harris	37	24.2	8	0.2	8.3	—
April Aug.	Leigh (L.) 5p.	21	24.12	14.7	5.8	5.4	4.9
Jan. Aug.	Leisure Car. 10p.	70	9.12	44.2	ϕ	10.2	ϕ
Mar. Dec.	Lep Group 10p.	160	24.2	23.6	9.4	2.3	5.6
July	Lesney Prods. 5p.	19	19.5	15.5	7.0	6.4	2.9
Feb. Sept.	Letraset 10p.	34	27.1	12.3	6.8	5.6	3.2
Oct. May	Liden 10p.	14½	21.3	1.7	2.4	1.6	29.2
July Jan.	Light & Leis. 10p.	38	10.3	g23.6	3.6	10.2	4.6
July Jan.	Lindsay & Wms.	47	2.6	12.2	3.6	10.0	4.2
Aug. Mar.	Lindustries	53	27.1	†15	3.4	11.1	3.8
Dec. June	Lipton (L.)	48	2.6	9.6	3.9	7.7	5.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS—Continued

Dividends Paid	Stock	Price	Last xd	Div Net
June	Wood & Sons 5p.	13	21.4	9.8
May	Wood (Arthur) 5p.	11½	19.5	13.3
Apr. July	Wood (W.) 10p.	11	6.73	‡9¾
January	Wood Hall	82	11.11	T16.1
April Sept.	Yatton Furn. 5p.	6¼	24.2	‡6.3
November	Zetters 5p.	21	30.9	17.7

††INSURANCE

Dividends Paid	Stock	Price	Last xd	Div Net
Feb. July	Brentnall Bd. 10p	50	24.12	29.2
May Sept.	Britannic 5p.	138	21.3	140
F.M.S.D.	Comb. Ins. Am. $1	310	21.4	tQ60c
Nov. May	Comm. Union	171	21.3	27.4
Jan. July	Eagle Star	123	2.6	28.4
May	Equity & Law 5p.	153	5.5	102
Jan. July	Gen. Accident	155	5.5	21.6
Jan. May	Guardian Royal	205	21.3	b31
Nov. May	Halford Sh'd 10p.	175	21.3	54.4
Jan. July	Heath (C.E.) 20p.	212	2.6	30½
Oct. Mar.	Hogg Robinson	140	19.8	14.6
Dec. Apr.	Howden (A.) 10p.	128	10.3	21.7
Dec. June	Legal & Gen. 5p.	130	21.4	¶87.2
Sept. June	Les. & Gdwn. 10p.	108	5.5	33.9
Nov. May	Lon. & Man. 5p.	112	21.4	87
Nov. May	Matthew Wr. 20p.	158	5.5	36.9
Jan. June	Minet Hldgs. 20p.	135	5.5	h10.8
Oct. June	Pearl 5p.	280	7.4	192
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Burma Mine 17½p	8	19.5	m0.5	—	1.7
—	Charterhall 5p	59	3.6.7	—	—	—
—	Colby Mines $1	75¢	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	740	24.12	‡Q130c	2.2	‡
— —	Laurasia	38½	—	—	—	—
—	NRD $1	15	—	—	—	—
July	Northgate C$1	275	30.9	Q55c	1.0	10.2
Jan. June	R.T.Z.	161	21.4	19.9	4.4	4.3
—	Sabina Inds. C$1	89	—	—	—	—
—	Stanford Mines R	67	—	—	—	—
—	Tara Expln. $1	£10⅝	—	—	—	—
— —	Yukon Cons C$1	58	11.65	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ? Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.
A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 27

FINANCIAL TIMES
Monday June 23 1975

Amin move raises hopes of reprieve

BY PAUL ELLMAN

HOPES THAT Mr. Denis Hills, the British lecturer, may escape a Ugandan firing squad were given a further slight boost last night, after indications that President Idi Amin may be willing to spare his life.

According to Radio Uganda, General Amin will raise the question of Mr. Hills' fate at a meeting to-day of the Ugandan Defence Council, the country's top policy-making body.

Mr. Hills' execution, originally set for this morning, was postponed over the week-end and after talks between Gen. Amin and two emissaries of the Queen—Lieutenant General Sir Chandos Blair, the Ugandan leader's former commanding officer in the King's African Rifles, and Major Iain Grahame, another former KAR officer who recommended Gen. Amin for his first commission.

Apart from a personal message from the Queen, Gen. Amin has received representations from more than 50 countries urging mercy for Mr. Hills. The week-end also saw envoys from Liberia, Burundi and Sudan travel to Uganda to ask the President to exercise clemency.

Radio Uganda said that, following the success of General Blair's mission, President Amin was planning to send his own envoy to London to allow relations between Britain and Uganda to "start afresh."

Although the final decision on Mr. Hill's fate rests with the Ugandan Defence Council, most observers feel that General Amin, the council's chairman, will prevail upon its members to recommend a reprieve.

In spite of yesterday's reports from Kampala, Whitehall officials were still stressing last night that the ball remained in President Amin's court and that no further initiative could be expected from Britain until Mr. Hills was granted a full reprieve.

They also stressed that no further message had been sent to the Ugandan President, despite the presence of Mr. James Hennessy, the acting High Commissioner in Kampala, at a meeting yesterday afternoon between Gen. Amin and the Queen's two envoys.

It is felt in Whitehall that the reprieve of Mr. Hills could pave the way for an early visit to Uganda by Mr. James Callaghan, the Foreign Secretary.

The Foreign Office, meanwhile, was at pains to deny Ugandan claims that Gen. Blair and Maj. Grahame approached President Amin on their knees when they met him at his home in Arua on Saturday. According to officials, the two were forced to stoop very low to enter the house because it has a traditional thatched roof which reaches almost to the ground.

● ITN, in its late evening bulletin last night reported that President Amin was expected to announce this morning that he was commuting the sentence on Mr. Hills.

Reuter adds from Nairobi: Mr. Hills, has apologised to President Amin, according to Radio Uganda.

The radio quoted President Amin as saying that Mr. Hills, "has written a letter of apology to him, admitting that whatever he wrote in the book is false."

The Presiden was said to have told a Nigerian special envoy that Mr. Hills had admitted he wrote the book to force the collapse of the Ugandan economy and damage the images of Uganda and its leader.

Communist call for broad unity of Italian Left

BY ANTHONY ROBINSON

ROME, June 22.

THE ITALIAN Communist Party appears to have held back from pressing for an early general election to topple the Government or for the formal inclusion of Communists in the present Cabinet despite its sweeping gains in last week-end's regional and local elections.

At the same time, it has thrown out a challenge to the Socialists to join with it in consolidating the Left's hold at the regional and local level.

This emerges clearly from the publication in the party newspaper L'Unita of the policy outline decided by the Communist Party's central committee at last Thursday's day-long meeting called to make the first political analysis of the election result.

From this it transpires that the first priority of the PCI at this time is to consolidate gains made at a local and regional level by winning control of the maximum number of local and regional councils.

In contrast to the proposal of Sig. Fanfani's Christian Democrat Party for the creation of four-party Centre-Left coalitions locally wherever possible, the PCI has called for the creation of "capable, efficient, honest and stable local administrations" and offered negotiations "with all the democratic and anti-Fascist forces and in particular the Socialist Party (PSI)."

This phrase is highly significant because it underlines the nature of the choice now facing the Socialist Party which has become to a large extent the arbiter of the Italian political situation since the elections.

The Socialist Party's central committee meeting on Thursday faces the choice of accepting Sig. Fanfani's proposal for the re-formation of Centre-Left coalitions locally as the prerequisite of a similar Government of the centre or insisting instead on its freedom to form local and regional alliances with the Communists where it wishes.

The Communists are clearly pressing for the latter alternative. But such a choice by the PSI could lead Sig. Fanfani to conclude that the Centre-Left is finally dead and try to carry his party into a Government crisis and an early general election. However, this is a prospect which appalls many opponents of Sig. Fanfani within the Christian Democrat Party and which the Communist Party itself does not want.

The PCI clearly hopes to have the best of both worlds by forming the maximum number of local and regional councils together with Socialist and Left-wing elements from other parties, including the Christian Democrats if possible, while using its increased political weight to influence central Government policy as well.

Hence the party's economic proposals virtually amount to a demand for greater funds from the Centre for the local authorities to employ in agricultural and public transport investment and popular housing and school building programmes.

THE LEX COLUMN

The cash squeeze on mail order

For companies in general, shortage of cash was last year's problem — this year's agonies will centre around earnings. But liquidity difficulties are by no means equally shared between firms, and in particular those with high working capital ratios are going to have to make the greatest sacrifices in keeping their finances straight. To illustrate the point, it is instructive to take a close look at the agency mail order houses, a sector which used to be a successful exponent of rapid, mostly self-financed growth, but which has come face to face with the difficult choice between higher indebtedness and declining market share.

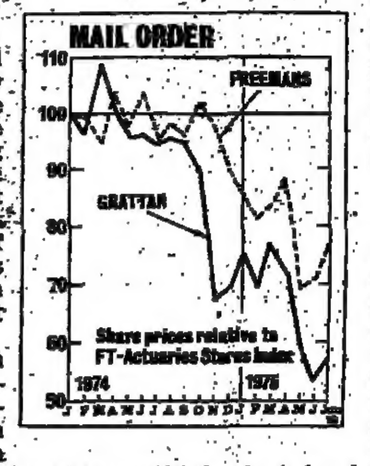
Volume cuts

The difficulties of the mail order operators have certainly been well recognised by the stock market, with shares like Grattan and Freeman showing steep relative declines over the past year. Grattan is the most interesting case, for it has directly accepted the logic of cutting back volume—its sales growth was 13 per cent. in money terms in 1974-75, against 21 per cent. for the industry.

Looking at the sector as a whole—even though this includes the hidden giants Littlewoods and GUS, for whom cash may be no immediate problem—a similar picture emerges of a relative slowdown. Over the past two years mail order sales were very strong, outpacing overall non-food retail growth by some 6 points. In the three months to April, however, mail order growth was only 23.5 per cent. against 28.2 per cent. for all non-food shops, and the beat-the-Budget spree enjoyed by specialist electrical stores probably explains only part of this differential.

Mail order houses present an extreme example of working capital intensiveness. The sum of stocks and net debtors often comes to a greater figure than net capital employed. In contrast, High Street chains like Marks and Spencer are heavy in fixed capital.

In conditions of high inflation but unchanged volume there are striking differences in the cash flow picture. Mail order firms tend to be heavy absorbers of cash — Grattan's borrowings have risen £8.5m. in the past two years against capital employed of £27m. at the start of the period—whereas some High Street chains may actually generate cash in this situation. The appropriate defensive reactions are naturally



also different. Mail order is faced with the need to trim working capital—and thus, fairly swiftly, volume—while the normal retailer reacts by cutting his capital budget, so the damage emerges through the loss of future selling space.

In the short term, the mail order sector has a certain amount of scope for absorbing pressure. Stocks have generally been reduced—which is equivalent to transferring some of the working capital pressures to the manufacturers—and some careful reductions can be made in the length of credit offered to customers. A typical move has been to cut out 52-week credit, and try to push customers towards 20-week rather than 38-week terms by raising the minimum purchase qualifying for longer credit.

But in the end, the only way to cope is by raising margins. After all, the old self-financing capability of mail order houses relied on high returns. In 1972-73, for instance, Grattan achieved a pre-tax return on average capital employed of 40 per cent., and was almost self-financing although sales growth that year was as high as 18 per cent. But the sector was particularly vulnerable, given gross margins of probably near 40 per cent., to the cuts imposed by the Price Code when revised just over a year ago. By 1974-1975 Grattan's return was down to 26 per cent., and net cash flow was a third less than two years earlier.

Working capital

How high would the return need to be to finance a 25 per cent. inflation rate? Assuming that working capital requirements rose in line, something like a 60 per cent., pre-tax return on capital would be required—but continuation of stock appreciation relief on the tax side would lower the targets to 50 per cent. or so. That amounts to a rise of 6 or 7 points in gross and net margins.

The loss of status by mail order shares reflects the improbability of this self-financing goal being achieved in the near future. But the improved margin safeguards mean that the constraints are being applied more by non-mail order competition than by direct price controls. Any improvement in the outlook for inflation could make the mail order sector worth watching carefully.

Pressure grows for statement on British Caledonian future

BY LORNE BARLING

PRESSURE for a Government statement on the future of British Caledonian Airways increased last night with a call by the airline's chairman, Mr. Adam Thomson, for an end to a period of damaging uncertainty.

His statement came on the eve of an expected statement by Mr. Peter Shore, Secretary of State for Trade in the Commons today, in response to questions.

They seek to establish whether the Government's reaction to a Civil Aviation Authority review of the airline will be published and what policy is to be pursued.

Mr. Thomson said: "If the results are detrimental to British Caledonian, then not just the airline but the public will suffer."

No airline could plan for the future until Government policy was known, he added. Planning meant long-term investment of millions of pounds in aircraft to increase jobs in an era of increasing unemployment.

"We are all agreed that to ensure this it may be necessary for the Government to take a minority stake in British Caledonian, not for monetary reasons, but to ensure stability and allow us to continue our steady development as the second force in British civil aviation," he added.

Six of the Parliamentary questions are expected to be answered by Mr. Shore to day and another three at a later date. They also seek to establish when a Government announcement will be made.

Crucial ICI pay talks start to-day

BY LORELIES OLSLAGER, LABOUR STAFF

CRUCIAL pay talks for some 57,000 manual workers employed by ICI take place in London to-day under the threat that the company's production may be progressively shut down by strikes.

About 9,000 workers at the giant petro-chemical complex at Wilton on Teesside have already stopped work in protest against the company's latest pay offer of 26 per cent., which will be formally rejected by union negotiators to-day.

Another 4,500 process workers at nearby Billingham are banning overtime and have threatened to consider strike action depending on the outcome of to-day's talks.

Further stoppages may follow if the company does not improve its offer, which the unions are rejecting after having consulted their membership.

The unions have tabled a 55-per cent. claim, one of the highest in the private sector this year, pointing to ICI's outstanding profit performance last year. But the indications so far are that the company will strongly resist making any major concession, even though it has warned that the Wilton strike alone could halt virtually all its operations within a matter of weeks.

The strike movement has been led by craftsmen who feel that their differentials are being endangered by the company's offer, and ICI therefore feels that to some extent it is facing an inter-union dispute.

But union officials argue that the claim has been rejected with a strong majority by all the workers concerned. There are differences, however, in the degree of militancy displayed by the major unions involved.

Some of them, such as the General and Municipal Workers Union, are expected to try hard for a compromise. The GMWU is suggesting that a major dispute could be averted if ICI agreed to plant productivity bargaining.

Officials argue that the present centralised bargaining system leads to major anomalies, and that a more flexible structure would make it easier to cope with problems arising over differentials and relativities.

Not all the unions involved think that a pledge by ICI on plant bargaining would offer a way out of a deadlock over pay, however.

BA intends fare premium to ensure Concorde profit

BY LORNE BARLING

BRITISH AIRWAYS intends to operate Concorde with a fare premium which ensures a profit, but will allow this level to be fixed in full consultation with the International Air Transport Association, where demands for a surcharge of up to 25 per cent. may be made.

This was British Airways' reply to a warning by Lufthansa that it would oppose a fare level which would be damaging to the profits on its fleet of subsonic aircraft. It suggested that Concorde operations would in effect be subsidised.

The Lufthansa demand reflects the anxiety of a number of airlines which believe that BA and Air France will cream off a substantial proportion of their first class traffic.

A recent survey by the two airlines showed that, at current first class prices, more than 80 per cent. of first class travellers between Tokyo and Europe would fly Concorde. With a 20 per cent. premium, 55 to 75 per cent. would still prefer it.

The opposition to the fares level, although still undecided by BA and depending largely on factors such as which routes can be negotiated by the British Government, will certainly be expressed at the IATA rate-fixing meeting towards the end of the year.

Mr. Reinard Abraham, a main Board director of Lufthansa, has made it clear that he, too, believes that air fares should be set at a rate which ensures profit, and that any other policy was "equivalent to subsidised dumping."

To run supersonic aircraft on a non-profit-making basis would disorganise the airline business, he said, and it was Lufthansa's intention to seek a fare premium of between 20 and 25 per cent. for Concorde. He pointed out that the aircraft's purchase price was only a fraction of its real cost.

British Airways said: "We are at a very early stage as far as fares are concerned but everything will be aired in the proper forum. We certainly don't intend to operate Concorde as some kind of supermarket loss leader."

Weather

U.K. TO-DAY

VERY WARM except in North Scotland.

London, Southern, N.W. and Northern England, the Midlands
Dry with sunny periods. Wind mainly light. Max 24C (75F).

S.E. England
Cloudy at first sunny periods developing away from coasts. Isolated thundery showers possible later. Wind fresh. Max 23C (73F).

East Anglia, E. England
Cloudy at first, sunny periods developing away from coasts, dry. Wind mainly fresh NE. Max. 23C (73F).

Channel Isles, S. W. England Wales
Dry, sunny periods. Wind northerly light or moderate. Max. 23C (73F).

Lake District, Isle of Man, S.W. Scotland
The Highlands, N. Ireland.
Dry, bright periods. Wind S.W. moderate. Max 20C (68F).

N.E. England, Borders Edinburgh
Dry, sunny periods developing. Winds S.W. moderate. Max. 21C (70F).

North Scotland, Orkney
Rather cloudy, perhaps occasional rain. Wind S.W. moderate or fresh. Max 15C (59F).

Outlook: Little change.

Lighting-up: London 21.51. 22.12. Glasgow 22.36. Belfast 22.34.

Pollen count: London 411 very high. Forecast: Similar.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	F	27	81	Luxembrg	C	19	66
Amstrdm	R	17	63	Madrid	F	27	81
Athens	S	26	79	Manchestr	S	19	66
Bahrain	S	35	95	Melbourne	C	16	60
Barcelona	S	23	73	Mexico C.	C	20	68
Beirut	F	26	79	Milan	S	27	81
Belfast	S	22	72	Montreal	S	22	72
Belgrade	F	25	77	Moscow	S	28	82
Berlin	S	27	81	Munich	C	20	68
Birmnham	C	16	61	Newcastle	C	13	55
Bristol	S	20	68	New York	S	25	77
Brussels	R	17	63	Oslo	S	22	72
Budapest	F	28	82	Paris	R	17	63
B. Aires	S	16	61	Perth	R	15	59
Cairo	S	32	90	Prague	F	26	79
Cardiff	S	23	73	Reykjavik	R	10	50
Cologne	F	23	73	Rio de J'o	S	27	81
Copnhagn	S	25	77	Rome	S	24	75
Dublin	S	18	64	Singapore	S	30	86
Edinburgh	S	14	57	Stockholm	S	21	70
Frankfurt	F	23	73	Strasbourg	C	20	68
Geneva	S	20	68	Sydney	R	18	64
Glasgow	S	17	63	Tel Aviv	S	26	79
Helsinki	S	22	72	Tokyo	R	21	70
H. Kong	S	29	84	Toronto	S	26	79
Jo'burg	S	20	68	Vienna	S	26	79
Lisbon	C	19	66	Warsaw	F	31	88
London	S	20	68	Zurich	S	21	70

HOLIDAY RESORTS

Ajaccio	S	23	73	Jersey	C	17	63
Algiers	C	23	73	Las Plmas	S	22	72
Biarritz	C	20	68	Locarno	F	24	75
Blackpool	S	22	72	Luxor	S	33	91
Bordeaux	F	23	73	Majorca	S	25	77
Boulogne	F	15	59	Malaga	S	23	73
Casablnca	F	20	68	Malta	S	26	79
Cape Tn	R	17	63	Nairobi	C	21	70
Corfu	S	27	81	Naples	F	23	73
Dubrovnik	F	24	75	Nice	R	19	66
Faro	F	22	72	Nicosia	S	25	77
Florence	S	27	81	Oporto	C	18	64
Funchal	S	21	70	Rhodes	S	25	77
Gibraltar	S	25	77	Salzburg	F	24	75
Guernsey	F	17	63	Tangier	S	23	73
Innsbruck	F	24	75	Tenerife	S	18	64
Inverness	S	15	59	Tunis	F	31	88
I. of Man	S	17	63	Valencia	S	27	81
Istanbul	R	22	72	Venice	S	26	79

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Attitudes harden in Tory economy rift

BY PHILIP RAWSTORNE

AGAINST THE background of a widening rift in the Conservative Party over economic policy, Sir Keith Joseph, the party's policy overlord said yesterday that a choice would have to be made between a monetarist platform and one based on direct wage controls.

Sir Keith, reflecting the "shadow" Cabinet's lengthy and unsuccessful attempts to agree on a cohesive policy, indicated that there was now little hope of a compromise between the conflicting viewpoints.

Divisions in the party were publicly highlighted during the week-end in contrasting speeches by Sir Keith and by Mr. Peter Walker, the former Industry Secretary.

The policy clash threatened to develop into a deep split between some of Mrs. Margaret Thatcher's close supporters and a group still identified with Mr. Edward Heath, the former leader.

Sir Keith, in a speech to the Conservative education conference on Saturday, set out his determined opposition to a wage freeze as a cure for the country's economic problems.

Returning to this theme on BBC radio's "World This Week-end" programme yesterday, Sir Keith said that a wage freeze would be "a disaster." It would probably be accompanied by increased public spending and by a price freeze that would cause more bankruptcies and unemployment.

The Government had to stop its "profligate over-spending." "Unless the money supply and public spending is put right, nothing will work." Sir Keith claimed that his views were shared by Mrs. Thatcher, Sir Geoffrey Howe, the Shadow Chancellor, and the bulk of the party.

Mr. Walker, insisting there was no personal acrimony in the party dispute, said yesterday that it was important that there should be an open and comprehensive debate on the policy issue.

A statutory incomes policy could have an immediate effect on the economic situation, he said. "Under such a policy Britain was the best country in Europe at stopping domestically created inflation. Without one, we are one of the worst in the world."

Mr. Walker in an "agenda for survival," also called for the sale of a third of the country's North Sea oil resources, a "Parliament" for industry, and the transfer of council house ownership to tenants.

Mrs. Thatcher appeared to be making efforts to mute the party row, in a week-end speech in London, she set out an anti-inflation programme which embraced a cut in Government spending, curbs on pay increases, the abolition of "socialist taxes" and an end to nationalisation.

Though Mr. Heath is understood to have had no contact with Mr. Walker for some weeks, many of Mrs. Thatcher's supporters suspect that the former leader is the major influence in a deliberate campaign to denigrate her leadership.

Mr. Robert McCrindle, Tory MP for Brentwood and Ongar, said yesterday that it was "high time former Conservative Ministers and others opposed to Mrs. Thatcher's election gave up their petty vendettas.

Continued from Page 1

Voluntary pay policy

Wednesday's TUC council meeting will range over whether the guidelines should be tightened to below the going rate for price increases and if so, to what figure. There will also be arguments over whether this should be presented as a flat rate or in some other form and over how enforceability can be improved.

There may well be a majority for a flat rate system although the opposition of craft and other higher paid unions will be considerable.

The engineers will also lead a minority opposed to any tightening of the guidelines. But putting this on one side the debate will then centre, if figures are discussed, around the £8-£10 a week range which could then be converted into a percentage target for prices.

The Chancellor's 10 per cent. equates to £6 if the calculation is done on earnings, but some union leaders may argue the percentage should be applied to a national average basic pay rate, which would change the basis of the calculations, perhaps linking £6 with a 15 per cent. wage target.

But first, union leaders will enter this week's talks at this morning's TUC-Labour Committee meeting with a demand for a price freeze and for other price control measures which could lead to cuts in retail prices of food and clothes.

Commenting yesterday on Mr. Healey's speech, Mr. Jack Jones of the Transport Workers, indicated the approach he will take with both the Prime Minister and the Chancellor at the meeting when he said: "I am surprised that Mr. Healey said nothing about price and dividend controls.

"These are desperately needed, together with a campaign of explanation to ensure a response from trade unionists to a moderating approach on wages."

On the agenda for the meeting will be the TUC's economic committee document on the future of the social contract plus some amendments following the committee's meeting two weeks ago which leave the basic price targets for next year of 10 to 20 per cent. intact, along with ideas for curbing wages.

But at the same time the TUC document now calls for tougher action on price controls through price lists and other measures and said that more needs to be done, not least in explaining policies to the shopper.

Following this on Tuesday, the CBI and TUC will meet to discuss a wages policy which they could present to the Government. Since their successful exploratory talks last week, officials of the two organisations have been examining the broad similarities in their approaches to wages, and these private exchanges will continue.

Leaders on both sides believe that their common approaches both on the seriousness of the economic situation and on the idea of pegging wage rises below a falling rate of price increases yields some hope of agreement.

But this could easily founder with the latestet shret shetaoin with the talks breaking down on Tuesday when the two sides meet formally, especially if they fall back into a row over whether or not the Government should act on prices.

On the TUC's efforts, Mr. Len Murray, TUC general secretary, said when commenting on Mr. Healey's six-week deadline, that "we have never promised miracles." The TUC was in the middle of a "searching examination of what we can do to help."

Mr. Ron Hayward, Labour Party general secretary, said the alternative to the social contract was a "statutory wage policy or a Tory or Tory-dominated coalition government. "We need a new deal on pay and prices," he declared.

Taking a harsher line, Lord George-Brown called on the Government to announce an immediate wage freeze and very large public expenditure cuts.

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